



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

5.8.3

JUNE 18, 2024

EFFECTIVE DATE

(06-18-2024)

PURPOSE

- (1) This transmits revised IRM 5.8.3, Offer in Compromise, Centralized Offer in Compromise Transfers, Perfection and Case Building.

MATERIAL CHANGES

- (1) This IRM contains the following corrections and clarifications:
- (2) Editorial changes were made throughout sections as needed.

IRM Section	Title	Change
Entire IRM	Entire IRM	Made grammatical changes and updated links throughout.
Effect on Other Documents	Effect on other Documents	Interim Guidance SBSE-05-0623-0032, IG on ITINs, Liens, and ES payments dated 06-26-2023, IGM SBSE-05-1222-0085, IG on Document Upload Tool (DUT) for Collection Employees, dated 12-02-2022, IGM SBSE-05-0223-0001, IG on OIC-IAT Usage in the OIC Process. IGM SBSE-05-0823-0029, IG on Secure Messaging for SCOIC Employees, dated 08/03/2023.
5.8.3.1.6	Terms/Definitions/ Acronyms	Included Document Upload Tool (DUT), IAT, Secure Messaging (SM) and PACER to the list of acronyms.
5.8.3.3	Routing Cases Based on Jurisdictional Responsibility	(2) "If and Then" box, 1st box added: there are no fees or compliance check for DATL offers. See IRM 5.8.4
5.8.3.5	Processing Form 656 and Initial Offer Payments	(7) Added Exception: Send payroll service provider (PSP) fraud offers to the NEH-ETA group.

IRM Section	Title	Change
5.8.3.6	Perfecting Offers	<p>(1) Added Secure messaging is voluntary but recommended as a way to communicate with the taxpayer/POA . Added (1) Chart, 1st Box, If the basis is not checked or both boxes are check, request perfection in combo letter. Added: (1) Chart, 4th box, If the PE missed the deactivated ITIN during processability, return the offer and the application fee via manual refund. Added: (2) Added: perfect the name line on AOIC so it will be seen through the window envelope. Added 2nd bullet to (2) how to enter the name line for a decedent taxpayer. All subsequent parentheses were renumbered. Added how to enter a decedent taxpayer on the name line and gave IRM reference for examples. Remove box 10 for FTDs as they are returned during processability for non-compliance. (5) 1st bullet removed to correct the entity screen if data download transferred the information in all capital letters. If and Then Chart box 8 rewrote open paragraph for clarity.</p>
5.8.3.7	Case building	<p>Added (4) PEs should offer Secure Messaging and DUT to taxpayers as a way to correspond quickly and securely in lieu of mailing the documents.</p>
5.8.3.8	PE Request for Estimated Tax Payments	<p>Rewrote entire section for clarity.</p>

IRM Section	Title	Change
5.8.3.9	AOIC Combo Letter	(2) Added: Never discuss CI issues with the taxpayer or POA.(3) Added SM and DUT as a way to communicate with the taxpayer or POA. Removed (7) to stamp combo letters with Urgent Time Sensitive” on outgoing letters. All subsequent were renumbered. (6) and (7) added PE is to document AOIC remarks with their telephone conversation with the taxpayer. (8) Added: Input the appropriate follow up date to ensure timely interim letters are sent.
5.8.3.11	Processing Telephone Responses to Combo Letters	(5) “If and Then” chart, Added to box 1 that “not able” is not an excuse for not making their ES payments, the taxpayer must be not liable. (5) “If and Then” chart item numbers 2 & 3, added the effective date for the withdrawal is the date the IRS sends a confirming letter.
5.8.3.13	No Reply Procedures	(5) 5th bullet: removed to include a copy of the remarks in the case file.
5.8.3.14.1	Offers Submitted Solely to Delay Collection per Forms 657	Added: (3) if there is not sufficient information to support the Solely to Delay, send to the in-house RO. Removed (8)
5.8.3.15	Input and verification of TC 480	(4)3rd box on If and Then Chart added: To manually input TC 480/481 for solely to delay with a cycle delay to avoid unposting of the TC 481.

IRM Section	Title	Change
5.8.3.16	Dishonored Payments	(6) Added guidance on dishonored payments for subsequent TIPRA periodic payments. All subsequent parentheses were renumbered.
5.8.3.18	Expedite Handling	Added (3) last bullet: A procedural or other type issue creates the need for a new offer to be filed and the intent is only to correct the error or defect rather than rework the offer or work it as a new submission
5.8.3.19	Third Party Authorizations	(7) Added guidance on what to do if only one taxpayer on a joint offer has a POA.
Exhibit	Form 3210	Removed and placed Form 3210 for CDP offers going to Appeals on Share Point.

EFFECT ON OTHER DOCUMENTS

This material supersedes IRM 5.8.3, dated October 11, 2022, and incorporates Interim Guidance Memorandums (IGM) IGM SBSE-05-0623-0032, IG on ITINs, Liens, and ES payments, dated 06-26-2023, IGM SBSE-05-1222-0085, Document Upload tool (DUT) for Collection Employees, dated 12-02-2022, IGM SBSE-05-0223-0001, OIC-IAT Usage in the Offer in Compromise Process, dated 02-28-2023. IGM SBSE-05-0823-0029 IG on Secure Messaging for SCOIC Employees, dated 08/03/2023.

AUDIENCE

SB/SE Collection and Campus Compliance employees

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5.8.3

Centralized Offer in Compromise Transfers, Perfection, and Case Building

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5.8.3.1
(11-05-2020)
**Program Scope and
Objectives**

- (1) **Purpose:** This IRM section provides instruction for determining jurisdictional responsibility, perfecting and case building, and transferring offers in compromise.
- (2) **Audience:** The primary users of this IRM are offer in compromise employees who are responsible for initial case processing of offer in compromise receipts. It also provides information to other collection employees when considering an offer in compromise a collection alternative.
- (3) **Policy Owner:** Director, Collection Policy, SB/SE.
- (4) **Program Owner:** Collection Policy, SBSE, Offer in Compromise (OIC) Program.
- (5) **Primary Stakeholders:** The primary stakeholders are OIC process examiners.
- (6) **Program Goal:** Policy Statement P-5-100 explains the objectives of the OIC as a collection tool. By following the processes and procedures in this IRM, employees will be able to accurately and timely complete initial processing and case building of OIC receipts.

5.8.3.1.1
(02-09-2018)
Background

- (1) This section provides initial procedures for the transfer, perfection, and case building of offer in compromise receipts.

5.8.3.1.2
(10-11-2022)
Authority

- (1) Authorities relating to this section include:
 - IRC 7122 - Compromises
 - 26 CFR 301.7122-1, - Compromises
 - IRC 6702(b) - Civil penalty for specified frivolous submissions
 - Policy Statement P-5-100
 - Policy Statement 1-236
 - Rev. Proc. 2003-71
 - IRM 1.2.2.6, Servicewide Policies and Authorities, Delegations of Authority for the Collecting Process - Delegation Order 5-1
 - Internal Revenue Service Restructuring and Reform Act of 1998, Section 1203

5.8.3.1.3
(10-11-2022)
Responsibilities

- (1) The Director, Collection Policy is responsible for all policies and procedures within the Offer in Compromise program.
- (2) The National Program Manager, Offer in Compromise, is responsible for development and delivery of policies and procedures within the program.
- (3) IRM authors are responsible for writing policies and procedures and clearing documents through all affected offices.
- (4) The taxpayer has been afforded fundamental rights under the Taxpayer Bill of Rights (TBOR) and employees are obligated to protect these rights when taking actions as discussed below. For additional information go to *The Taxpayer Bill of Rights (TBOR)*, lists rights that already existed in the tax code, putting them in simple language and grouping them into 10 fundamental rights.

Employees are responsible for being familiar with and acting in accord with taxpayer rights. See IRC 7803(a)(3), Execution of Duties in Accord with Taxpayer Rights.

- (5) Offer in compromise employees responsible for initial case processing of OIC receipts are responsible for following the procedures in this IRM.

5.8.3.1.4
(02-09-2018)

**Program Management
and Review**

- (1) Operational and program reviews are conducted on a yearly basis with the use of data and reports from the Automated Offer in Compromise (AOIC) system and Integrated Collection System (ICS). See IRM 1.4.52, Offer in Compromise Manager's Resource Guide.
- (2) AOIC Inventory Management Listing, Inventory Listing and Follow-Up Listing reports are utilized to monitor OIC cases.
- (3) Managerial case reviews are completed as defined in IRM 1.4.52, Offer in Compromise Manager's Resource Guide.
- (4) National quality reviews and consistency reviews are routinely conducted.

5.8.3.1.5
(02-09-2018)

Program Controls

- (1) AOIC is used to track offers submitted by taxpayers and record case actions and history. Ability to take action on AOIC is limited to specific offer employees. Additional permissions are provided based on an employee's duties and responsibilities.
- (2) AOIC is used by COIC employees for inventory control and history documentation.
- (3) Offers are distributed and worked on a first-in, first out basis using IRS received date criteria.
- (4) Managerial requirements for case approval are defined in IRM 1.2.2.6.1, Delegation Order 5-1.

5.8.3.1.6
(06-18-2024)

**Terms/Definitions/
Acronyms**

- (1) The following table is a list of common abbreviations, acronyms and definitions used throughout this IRM.

Acronym	Definition
AOIC – Automated Offer in Compromise	Computer application where offers in compromise are recorded and monitored from receipt to closure. History of the offer investigations conducted by COIC employees and of actions taken by Monitoring OIC (MOIC) units are also maintained on this system.
CDP – Collection Due Process	Allows taxpayers a right to a hearing before Appeals regarding proposed collection enforcement actions or filed Notice of Federal Tax Lien.

Acronym	Definition
COIC – Centralized Offer in Compromise	Units located in Brookhaven and Memphis campus that complete initial processing offers to completion. Do not confuse this with MOIC – COIC units do not monitor or default accepted offers.
CSED – Collection Statute Expiration Date	The date the statutory period for collecting the tax expires.
DATC – Doubt as to Collectibility	Basis for acceptance of an offer where there is doubt that the taxpayer can full pay the liability.
DUT	Document Upload Tool
ETA – Effective Tax Administration	Basis for acceptance of an offer where this is no doubt that the liability is correct or can be paid in full. However, requiring the taxpayer to fully pay the tax would either create an economic hardship or be a public policy/ equity issue.
ES	Estimated Tax Payments
FOIC	Field Offer in Compromise. Offer specialist who work more complex offers.
IAT	Integrated Automated Technology (IAT) The use of the IAT tool is mandatory. Employees will use OIC-IAT to conduct and record the research of account conditions, filing compliance, payment compliance, and payment searches. The OIC IAT tool replaces much of the manual research currently being conducted via multiple IDRS command codes.
ICS - Integrated Collection System	Computer application used by Compliance employees to monitor inventory. Histories of OIC investigations conducted by area office employees are maintained on this system.
LIW	Low-income waiver

Acronym	Definition
MOIC – Monitoring OIC Unit	Unit located in Brookhaven and Memphis campuses that monitor accepted offers for payments and compliance for 5 years.
OE – Offer Examiner	An offer investigator and located in COIC.
OS – Offer Specialist	A revenue officer appointed as an offer investigator, generally located in an area office.
PACER	Public Access to Court Electronic Records
PE – Process Examiner	Completes initial processability determinations on offers and is located in COIC.
SM	Secure Messaging
SRP - Shared Responsibility Payment	Beginning in 2014, IRC 5000A required all individuals to have qualifying health care coverage (called minimum essential coverage or MEC) in each month of the year, qualify for an exemption, or make an individual shared responsibility payment (SRP) when they file their tax return for the year.
TFRP – Trust Fund Recovery Penalty	Assessments made on individual taxpayers for the withheld or trust fund portion of delinquent employment taxes.
TIPRA – Tax Increase Prevention and Reconciliation Act of 2005	Legislation enacted in May 2006, which made major changes to the OIC program.

- (2) Additional acceptable acronyms and abbreviations are found in the Reference Net Acronym Database, which may be viewed at *Acronym Database*.

5.8.3.1.7 (10-11-2022)

Related Resources

- (1) Additional resources can be found in:
- IRM 5.8, Offer in Compromise, for procedures collection employees follow when considering a taxpayer's proposal to compromise their tax liability.
 - Document 12360, Embedded Quality Job Aid, Offer in Compromise, for case reviews.
 - Document 12990, Records Control Schedules, for record retention.
- (2) Employees can find helpful information on these websites:

- SERP: *SERP*
- IMD site for Interim Guidance: *Interim Guidance Site*
- Offer in Compromise (OIC) Knowledge Base Home page at *Offer in Compromise Knowledge Management Home page*

5.8.3.2 (10-11-2022) Perfection and Case Building Time Frames

- (1) If an offer is received with payment(s), processability and payment processing must be determined within 24 hours of IRS received date and case building completed within 20 days of Area Office(AO) received date.
- (2) If no payment(s) is submitted, processability and case building must be completed within 20 days of the AO received date.

5.8.3.3 (06-18-2024) Routing Cases Based on Jurisdictional Responsibility

- (1) Except for CDP offers meeting COIC criteria, for all cases cited in the table below, generate and send the transfer letter to the taxpayer and/or POA, if applicable. Ensure all TC 480 or STAUPs have been input, as appropriate. If manual STAUP is needed follow IRM 2.4.28, IDRS Terminal Input, Command Codes STAUP, STATI and STATB.
- (2) The following table provides guidance on jurisdictional responsibility:

Item	If responsibility lies with...	Then...
1	DATL, other than Trust Fund Recovery Penalty (TFRP) TC 240 ref. 618- DATL and Personal Liability Excise Tax (PLET) - DATL	Send the offer directly to the centralized DATL processing unit located at the Brookhaven campus. No fee is required for these offers. If the offer was loaded to the Automated Offer in Compromise system (AOIC) delete the offer. The offer will be loaded to AOIC, AO 19, by the DATL team. There are no fees or compliance check on DATL offers. See IRM 5.8.4.22.4 Doubt as to Liability (DATL). See (1) Note.
2	Appeals - TC 520 cc 76/77 identified during case building	Refer to in house Revenue Officer for additional research on ACDS to verify open CDP.
3	Appeals - CDP offers meeting COIC criteria	<ul style="list-style-type: none"> • Load offer on AOIC • Select OCC 10 • Assign offer to next appropriate inventory; 51XX, 60XX.

Item	If responsibility lies with...	Then...
4	Appeals - CDP offers that meet field criteria	<ul style="list-style-type: none"> • Load offer on AOIC • Select OCC 10 • Update AOIC Remarks screen - "Open CDP" • Annotate front of case folder with "CDP" • Transfer case to the appropriate field group once case building and perfection are completed. See IRM 5.8.3.7.

5.8.3.4
(10-11-2022)
**Offer Assignment –
Identification and
Transfer**

- (1) Once the COIC sites have loaded the offer to AOIC and completed initial processing and perfection, pending offers in certain categories will be immediately transferred to the appropriate FOIC group. See OIC Share Point for a list of the categories at: *Offer in Compromise SharePoint Site*, https://irs.gov.sharepoint.com/sites/SbCsi_Oic/SitePages/Home.aspx
- (2) Some categories may require additional research to determine the correct routing. To determine where to assign the offer, use the reference guide found on OIC SharePoint as well as the Form 433-A (OIC) section 2, Form 433-B and IDRS.
- (3) If the taxpayer checks the box in section 2 on the Form 433-A (OIC) indicating, they have ownership interest in a business a Form 433-B is required and should be requested in the Combo letter.
- (4) Prior to transfer, COIC will generate the AOIC transfer letter or Combo A letter and send to the taxpayer. When preparing the transfer letter, use 120 days as the time frame for taxpayer contact.
- (5) All field transfer criteria (4101) must go to the manager to review and transfer.

5.8.3.5
(06-18-2024)
**Processing Forms 656
and Initial Offer
Payments**

- (1) Taxpayers are required to include separate checks for the application fee and TIPRA payment unless they check the Low-Income Certification box and qualify for the waiver on Form 656 for each offer submitted. No payment is required for DATL OIC submissions.

Note: Taxpayers can submit offer payments via the Electronic Federal Tax Payment System (EFTPS). If electronic offer payments are found, update to the correct corresponding DPC code per IRM 5.8.2.3, Initial Processing of Offer in Centralized Offers in Compromise Sites. The PE must ensure all payments received have the correct Designated Payment Codes (DPC). If a change in the DPC is required, use the credit transfer tool in IAT.
- (2) There should only be as many Forms 656 as there are entities. An entity is the individual or business that is assessed the liability(ies). In conjunction with an acceptance letter, the Form 656 constitutes a binding agreement between the government and the taxpayer.

Example: (1) Two taxpayers who jointly owe the same liability (including spouses living separately or divorced) may submit a joint OIC on one Form 656 showing each name, address, and taxpayer identification number. However, separate offers (one for each person) may be submitted if the individuals deem it to be appropriate for their particular situation.

Example: (2) Taxpayers who owe both joint liabilities and TFRP liabilities for the same quarters and the same amount, must submit two offers.

- (3) When determining the number of offers required for taxpayers with identical assessments (e.g., MFT 55, MFT 31), if the original assessments are established against the individual taxpayer, separate offers are required. Annotate AOIC remarks informing the OE/OS an additional offer is needed. The chart in paragraph 5 below provides examples.
- (4) There may be instances when a taxpayer sends in three offers when only two are required. In those cases, you should:
- Add the applicable MFTs from the third offer to each of the remaining two offers.
 - Load the third offer onto AOIC and return as not processable because all the liabilities are included in an open offer in compromise(s). See IRM 5.8.2.4.1(2), Determining Processability.
 - Return the additional application fee by writing "Return" across the check and apply any additional TIPRA payment to the earliest CSDE.
 - Inform the taxpayer, preferably by telephone, of the actions taken.
- (5) The table below is intended to assist in identifying and loading a processable offer and provides guidance on advising the taxpayer when more than one Form 656, application fee, and/or TIPRA payment may be required.

Item	If	Then the requirement is
1	two taxpayers owe joint liabilities only (without checking the Low-Income Certification box on the Form 656)	to send in one Form 656 with one application fee and TIPRA payment. Note: The taxpayers have the option of submitting two offers with application fees and TIPRA payments if they so choose.
2	two taxpayers owe joint liabilities only, but they send in two Forms 656 with one check for the application fee and TIPRA payment (without checking the low-income Certification box on the Form 656 and no application fee or TIPRA for the 2nd offer).	to send in one Form 656, application fee, and TIPRA payment. PE will: <ul style="list-style-type: none"> • Load all liabilities to the AOIC MFT screen. • Load the second offer that does not include the required payments onto AOIC and return as not processable.

Item	If	Then the requirement is
3	two taxpayers have separate liabilities only and they send in two Forms 656 but one application fee and TIPRA payment (without checking the low-income Certification box on the Form 656)	to send in two separate Forms 656 with two separate application fees and TIPRA payments. However, if only one application fee and TIPRA payment was sent with the two separate offers PE will: <ul style="list-style-type: none"> • Load the offer containing the oldest CSED. • Load the second offer that does not include the required payments onto AOIC and return as not processable. Note: If the memo on the check has only one SSN written, apply the check to that SSN and the oldest CSED.
4	two taxpayers have joint liabilities and one or both of the taxpayers also have separate liabilities, and the taxpayers submit one Form 656 with both the joint and separate liabilities and only one application fee and TIPRA payment (without checking the low-income Certification box on the Form 656)	to send in two separate Forms 656 with two separate application fees and TIPRA payments. The offer will be deemed processable, and the PE will: <ul style="list-style-type: none"> • Load all liabilities to the AOIC MFT screen using the appropriate “B”, Both, “P”, Primary, or “S”, Secondary, designation. • The offer will be perfected by the OE or OS. The PE will not secure the second offer. • Annotate AOIC remarks indicating a second offer is required.
5	two taxpayers have joint liabilities and either or both of the taxpayers also have separate liabilities, and they submit two Forms 656 listing the joint liabilities on one and the separate liabilities on the other, but only one application fee and TIPRA payment (without checking the low-income Certification box on the Form 656)	to send in two separate offers with two separate application fees and TIPRA payments. However, if the taxpayers submitted two offers and one application fee and TIPRA payment, the PE will: <ul style="list-style-type: none"> • Load the joint Form 656. • Annotate AOIC remarks indicating a second offer is required. • Load the offer containing the separate liabilities that does not include the required payments onto AOIC and return as not processable.
6	Taxpayers submit joint offer and only one taxpayer has a liability	To send in one offer with the application fee and TIPRA payment or low-income waiver (LIW). <ul style="list-style-type: none"> • Load MFT screen with individual liabilities only using “P” • Update the remarks on AOIC “no basis for joint offer, need Amended Offer” • The OE/OS will secure the Amended Form 656 for the individual taxpayer.

Item	If	Then the requirement is
7	<p>an individual is submitting an OIC, and one Form 656 is submitted with entity section 1 completed. The taxpayer included both individual and corporate liabilities with one application fee and TIPRA payment. (without checking the low-income Certification box on the Form 656)</p> <p>Note: If the taxpayer completes both 1 and 2 entity sections on the Form 656 and includes both individual and corporate liabilities, the individual will take priority.</p> <p>Note: If section 1 and 2 are both completed, verify the type of entity for the liabilities listed in Section 2. If the liabilities relate to a sole proprietorship of the taxpayer, a second offer is not required.</p>	<p>to send in two separate Forms 656, one for the corporation and one for the individual if the intent is to compromise both.</p> <ul style="list-style-type: none"> • Load the offer under the individual name and SSN. • Load the individual liabilities only. • Send the taxpayer a Combo letter with the open paragraph: We are proceeding with the offer you submitted for your individual tax debts. A separate Form 656, Form 433-B(OIC) and applicable payments are required if you want to compromise corporate tax debts. Please be advised that collection activity may continue on any corporate tax debts. A Form 656 is included for your convenience. • Complete the entity section of the Form 656 to be included with the Combo letter. • If the taxpayer subsequently submits the corporate offer, it will be transferred to the OS in the field or to the appropriate OE in the campus to be worked in conjunction with the individual offer after any perfection issues are addressed.

Item	If	Then the requirement is
8	a corporation is submitting an OIC, and one Form 656 is submitted with entity section 2 completed. The taxpayer included both the corporation and individual liabilities with one application fee and TIPRA payment.	<p>to send in two separate Form 656 one for the corporation and one for the individual if the intent is to compromise both.</p> <ul style="list-style-type: none"> • Load the offer under the corporate name and EIN. • Load the corporate liabilities only. • Send the taxpayer a Combo letter with the open paragraph: We are proceeding with the offer you submitted for your corporate tax debts. A separate Form 656, Form 433-A(OIC) and applicable payments are required if you want to compromise individual tax debts. Please be advised that collection activity may continue on any individual tax debts. A Form 656 is included for your convenience. • Complete the entity section of the Form 656 to be included with the Combo letter. • Transfer offer to FOIC or business OE in the campus once case building and case perfection is completed. • If the taxpayer subsequently submits the individual offer, the offer will be transferred to FOIC or business OE.

Item	If	Then the requirement is
9	an individual who is a partner in a partnership submits an offer and includes the partnership liabilities as well as individual liabilities on one Form 656 with one application fee and TIPRA payment	<p>to send in one offer for the partnership and separate offers for the partners if the intent is to compromise both.</p> <ul style="list-style-type: none"> • Load the offer under the individual's name and SSN. Do not include the partnership liabilities. • Load the individual liabilities only. • Send the taxpayer a Combo letter with the open paragraph: We cannot proceed with the offer you submitted for your individual tax debts until we receive an offer for your partnership tax debts. A separate Form 656, Form 433-B(OIC) and applicable payments are required. Please be advised that collection activity will continue on any partnership tax debts. A Form 656 is included for your convenience. • Annotate the Form 656 included with the Combo, "Related to Offer Number" (number of original offer). • Complete the entity section of the Form 656 to be included with the Combo letter. • Assign the original offer to 5150. • If the taxpayer fails to submit the partnership offer, return the original offer. • If the taxpayer submits the partnership offer, transfer both cases to the FOIC or business OE.

Item	If	Then the requirement is
10	the partnership is submitting an OIC and includes the individual liabilities of one partner with one application fee and TIPRA payment	<p>to send in one offer for the partnership and separate offers for the partners if the intent is to compromise both.</p> <ul style="list-style-type: none"> • Load the offer under the partnership's name and EIN. • Load the partnership liabilities only. • Send the taxpayer a Combo letter with the open paragraph: "We are proceeding with the offer you submitted for your partnership tax debts. A separate Form 656, Form 433-A (OIC) for each partner and applicable payments are required to compromise any tax debts from individual partners. Please be advised that collection activity may continue on any individual tax debts, A Form 656 is included for your convenience. " • Annotate the Form 656 included with the Combo, "Related to Offer Number" (insert original offer number). • Complete the entity section of the Form 656 to be included with the Combo letter, • Transfer offer to FOIC or business OE once case building and case perfection is completed. • If the taxpayer subsequently submits the related offer, transfer it to be associated with the original offer.

Item	If	Then the requirement is
11	<p>an LLC is submitting an OIC, and one Form 656 is submitted that includes both the LLC and individual liabilities with one application fee and TIPRA payment for the individual (without checking the low-income Certification box on the Form 656).</p> <p>Note: To assist in the identification of an LLC see IRM 5.1.21.7.2 ,Offers In Compromise</p>	<p>they may be required to send in two separate Forms 656.</p> <ul style="list-style-type: none"> Individuals or an individual operating as a disregarded single member LLC taxed as a sole proprietor that have tax liabilities, including employment taxes, incurred before January 1, 2009, may be included on one Form 656. In those instances where an LLC incurred employment taxes after January 1, 2009, or excise taxes after January 1, 2008, two Forms 656 must be submitted with applicable initial payments for each. One Form 656 will be the individual liabilities and the second Form 656 will be for the LLC employment tax liabilities. Load the offer under the LLC , do not include the individual liabilities. Send Combo letter using an open paragraph stating, "We are proceeding with the offer you submitted for your LLC tax debts. A separate Form 656, Form 433-A(OIC) and applicable payments are required if you want to compromise individual tax debts. Please be advised that collection activity may continue on any individual tax debts. A Form 656 is included for your convenience.
12	two taxpayers file one offer and one of the taxpayers has a CDP	Two offers are required. Follow guidelines in the appropriate Combo Y paragraph.
13	two taxpayers file one offer to compromise TFRP MFT 55 liabilities	Two offers are required. The offer will be perfected by the OE/OS. Load all TFRP MFT 55 periods under "P" since they are assessed under each TIN.
14	two taxpayers file one offer to compromise MFT 31 liability where the liability is mirrored (identical TC 150/290/300)	<p>One offer is required</p> <p>Note: The taxpayers may elect to submit two separate offers.</p>
15	two taxpayers file one offer to compromise MFT 31 liability where the liability is allocated; not mirrored	Two offers are required. The offer will be perfected by the OE/OS.

- (6) Individuals or self-employed taxpayers filing a DATC or ETA offer should complete and attach Form 433-A (OIC), Collection Information Statement for Wage Earners and Self-Employed Individuals.

- (7) All other forms of business entities (partnerships, corporations, limited liability companies, etc.) should submit Form 433-B (OIC), Collection Information Statement for Businesses.

Note: The business income and expense sections of Form 433-B (OIC) may not be required if information provided by the taxpayer includes a current Profit and Loss statement and/or sufficient information to make a determination.

Exception: If the Form 656 explanation indicates the taxpayer is a victim of embezzlement for payroll service provider fraud and is offering payment of the underlying tax, These will typically be St. 26 cases. Transfer the offer directly to the NEH-ETA group without a Form 433-B (OIC). See IRM 5.8.11.5.2, Financial Statement Analysis

- (8) Taxpayers who submit an offer to compromise individually owed tax and also have a substantial interest in an ongoing business may be required to submit a Form 433-B for that business.

5.8.3.6
(06-18-2024)
Perfecting Offers

- (1) Prior to beginning an OIC investigation, certain critical errors must be corrected to perfect the offer. The Combo letter on the AOIC system is designed to communicate with the taxpayer and/or their representative to request the necessary corrective action. Secure Messaging is a web-based system that allows SCOIC employees a convenient way to communicate, send, and receive documentation from taxpayers/representatives. The use of Secure Messaging is voluntary but is recommended as another way to communicate with the taxpayer and/or their representative. Document Upload Tool (DUT) allows taxpayers/representatives to upload documents without an online account. Both Secure Messaging and DUT should be offered to the taxpayer/representative as an option any time information is requested. If there is no response to the request letter, the OIC may be returned with no further contact. A return for failure to perfect an offer does not require a Form 1271, Rejection Memorandum. The taxpayer has no appeal rights when the offer is closed as a return. The following errors are considered critical and **must** be corrected before beginning the investigation:

Item	If	Then
1	Form 656 is missing the signature , missing pages or the basis of the offer is not checked, or the taxpayer checked both boxes.	Request the missing signature and/or missing pages via combination B letter. Note: A faxed signature is acceptable. If the basis is not checked or both boxes are checked, request perfection in combo letter.
2	Form 433-A (OIC) or Form 433-B (OIC) is missing or blank	Request a new Form 433-A (OIC)- A/(OIC) or Form 433-B (OIC) Note: Unless the taxpayer is affected by payroll service provider (PSP) fraud then refer to IRM 5.8.11.5.2(1)
3	If the box is checked in Section 2 of the 433-A(OIC) that the taxpayer has ownership interest in this business	Request Form 433-B and place the offer number on top of the form 433-B so it can be associated with the offer. If the taxpayer fails to submit the 433-B, return the offer.

Item	If	Then
4	If the deactivated ITIN was missed during processability	Return the offer using return letter with paragraph(s) F5 and M. "The Individual Taxpayer Identification Number (ITIN) you provided in Section 1 of Form 656 has expired or has been deactivated. You may file a Form W-7, application for IRS Individual Taxpayer Identification Number, to reactivate your ITIN. Once it has been reactivated, you may file a new offer." Return the application fee via manual refund and apply the TIPRA payment.
5	Form 433-A (OIC) or Form 433-B (OIC) is: partially completed, unsigned, the wrong form (433-A) or is not the current revision.	Send a copy of the Form 433-A (OIC) or Form 433-B (OIC) with the missing sections highlighted in yellow and request the taxpayer to complete the missing information or return the completed forms with an original signature if the original signature is missing. A faxed copy is acceptable. NOTE: Be sure to include the offer number on each page you send so it can be associated with the case file. Note: A partially completed Form 433-A (OIC), or Form 433-B (OIC) is not acceptable, the taxpayer must send in a completed Form 433-A(OIC) or Form 433-B (OIC). Any other revision are not acceptable.
6	TIPRA Shortfall Scenario 1 - The taxpayer submits less than the required 20% or deferred amount on the offer	Request the shortfall via Combination Letter.
7	TIPRA Shortfall Scenario 2 - If the taxpayer addresses the shortfall in the form of an unsolicited amended offer. Example: The taxpayer sends in an unsolicited amended Form 656 for less money to avoid paying the shortfall	Return the "amended" and return the original for the shortfall.

Item	If	Then
8	The offer amount is blank or Zero	Request the taxpayer complete the Form 656 offer amount, unless the terms are present, then continue. If low-income waiver is not checked, request shortfall of TIPRA (if applicable) using combo B letter with the open paragraph stating: "We received your application fee and your offer payment in the amount of \$XXX.XX. You did not include an offer amount in section 4, Payment Terms, of the Form 656. You will need to submit 20% of your offer amount or the first periodic payment with the completed Form 656 that includes the terms of the offer. Please complete the enclosed Form 656 and return with the applicable payment. If we do not receive your new Form 656 with updated terms and the required payment, we will return your offer with no further consideration."
9	Estimated tax payments are missing, see IRM 5.8.3.8 for more information on ES payments	Request via combination letter
10	Signature is missing on a tax return	<ul style="list-style-type: none"> If the unsigned tax return is an original/ copy, and IDRS indicates no tax return has been filed, make a copy for the case file, send Combo letter requesting the taxpayer(s) sign the return and annotate AOIC. Assign the offer to 51XX, No Reply. See IRM 5.8.3.13, No Reply Procedures See the OIC Share Point at: <i>OIC share Point</i> Expedited Processing of Tax Returns for OE/OS
11	The Form 656 is obsolete (not the current revision).	Request the current revision of the Form 656 in combo letter

(2) Perfect the name line to ensure the taxpayer's name can be seen through the envelope's window.

- AOIC is limited to 35 characters and the PE must ensure the entire name fits on Name line 1. Consider using the ampersand (&) and approved abbreviations such as Corp; remove middle initials if necessary. Don't include unnecessary punctuation such as commas, periods, or dashes.
- When entering a deceased taxpayer, enter their full name with "DECD" after the last name. If a joint offer, enter "DECD" after the deceased taxpayers first name if the joint offer has the same last name. See IRM 3.24.37.6.15(4) for more information on how to enter a decedent name line.

- The last name should appear on Name line 1, not Name line 2. If you cannot sufficiently identify both spouses in the 35 characters provided, consult *SBSE Coll Policy OIC.
- If there is a valid Form 56, Notice Concerning Fiduciary Relationship, court papers naming the person as a representative for the estate of the deceased or a will that has been validated through the court, enter that information on the 2nd name line. See IRM 5.19.1.5.3.2, Deceased Taxpayers - Entity Changes for examples on to write the name line.

Note: Never include the name of an LLC **member** in either AOIC name line.

- (3) If you receive two offers, one for joint liabilities and one for separate liabilities and both offers were submitted with either the applicable payments or low-income certification, load both offers and perfect as follows:

- Send the taxpayers two Forms 656 with the Combo letter.
- The primary taxpayer's Form 656 should be annotated as "Amended to" inserting the original offer number. Complete the Form 656 to include all joint and any individual liabilities.
- The secondary taxpayer's Form 656 should be annotated "Amended to" inserting the original offer number. Complete the Form 656 to include all joint liabilities and any individual liabilities.
- Use paragraph "B" in the Combo letter with the open paragraph stating, "Please complete Sections 3 and 4 of the enclosed amended Forms 656. The taxpayer identified in Section 1 of the form must sign and date Section 8. No additional initial payments or application fees will be required"
- If this is the only perfection issue, the offer will not be returned if the taxpayers fail to respond. The OE/OS must perfect if the offer is to be accepted.

Note: If you receive one offer that combines joint and separate liabilities, follow the guidelines in appropriate Combo "Y" paragraph.

- (4) If you receive an offer on behalf of a deceased taxpayer:

- a. Research IDRS for the TC 540 or INOLES for the date of death.
- b. Look in the case file for Form 56, Notice Concerning Fiduciary Relationship, or any documentation for an authorized person to represent the deceased taxpayer. This can be the Form 56, probate papers, letters of testamentary.
- c. If there is no authorization to represent the taxpayer in the case file, request the Form 56 or authorization to represent the taxpayer using the combo letter.
- d. If you get a response, continue processing and assign to 6062
- e. If no response, return the offer.

- (5) When sending a Combo letter to perfect the errors listed above, also request correction of the information shown below, if necessary.

- If the taxpayer's name, physical address, or taxpayer identification number (TIN) is missing or incorrect, it is the PE's responsibility to ensure the entity information is accurately input.

Note: If the information can be located on IDRS or other documents submitted with the offer, input the correct information on AOIC and continue processing the offer.

Note: The full name, address, Social Security Number (SSN), Employer Identification Number (EIN), and/or Individual Taxpayer Identification Number (ITIN) of the taxpayer must be entered on Form 656. If the taxpayer(s) uses a mailing address that is different from the street address, the physical home address should be included as well. If the home address line is blank or the taxpayer does not include an address, then verify with the taxpayer their specific circumstance which may be the use of an address of their representative, a Low-Income Tax Clinic (LITC), or a PO Box.

Example: If the taxpayer is homeless and living on the street then they do not have a physical address. The taxpayer could place an address where to contact them, e.g., post-office box, employer, relative, LITC if they are represented.

- An amount of money is offered, but the payment terms are not specified.
- (6) If the taxpayer did not include a tax period with an outstanding liability on the original Form 656 and the entity is the same (such as a Sole Prop), the PE will add the periods to the AOIC MFT screen. If the taxpayer has a **separate entity** (Corp. LLC (after 1/1/2009), Partnership) that was not included on the original Form 656, the PE will no longer be responsible for loading periods of a separate entity to the MFT screen on AOIC until such time the OE/OS secures the amended and associated Form(s) 656. This includes any liability under MFT 35, assessed under the Affordable Care (ACA) Provision 1501, Individual Shared Responsibility Payment (SRP) IRS 5000A. All PEs are required to make pen and Ink changes to ensure the Form 656 matches the MFT screen on AOIC see IRM 5.8.8.3, Pen and Ink changes. See IRM 5.8.2.9, Sorts and Payment Processing, for when to load certain entities.
 - (7) When a taxpayer has included a tax period(s) for which there is no apparent amount due, do not add the tax period(s) to AOIC. Contact the taxpayer to determine if any issues are pending that may result in additional tax.
 - (8) If the basis for compromise is not indicated but it can be determined by reviewing the package, continue processing the offer.
 - (9) Document the AOIC history to summarize any perfection issues.
 - (10) An offer can be investigated but cannot be accepted until all errors are corrected and/or an amended Form 656 is signed. Therefore, offers will not be returned by the PE if the taxpayer fails to respond to any perfection issue listed in paragraph 5 above.(physical address, TIN missing/incorrect, offer amount but no terms).

5.8.3.6.1
(11-05-2020)
**Field Cases Requiring
Perfection**

- (1) FOIC cases requiring perfection must be placed in the 5150 hold file and given a 45 day follow up date.
- (2) If the taxpayer fails to perfect critical errors listed in IRM 5.8.3.6, return the offer without further contact.
- (3) Upon receipt of the response the case must be pulled, case building completed, assigned to the 4101 hold file, then shipped to the receiving field office upon request.

Note: PE must ensure all payments received have the correct Designated Payment Codes (DPC).

5.8.3.6.2
(06-18-2024)
**COIC Cases Requiring
Perfection**

- (1) COIC cases requiring perfection will be placed in the 5XXX or 6XXX hold file waiting for the taxpayer's response.
- (2) If the taxpayer fails to perfect critical errors listed in IRM 5.8.3.6, Perfecting Offers, return the offer without further contact.
- (3) Upon receipt of the response the case must be pulled, case building completed, and moved to the next appropriate COIC inventory.

Note: PE must ensure all payments received have the correct Designated Payment Codes (DPC).

5.8.3.7
(06-18-2024)
Case Building Offers

- (1) Case building for field and COIC cases should include the following in each case file:

- Ensure all prints of IMFOLT, BMFOLT for each tax period are in the case file.

Note: The prints are needed for the CSED dates and IMFOL/BMFOL must be printed before the TC 480 is input.

- Review the Form 656 to see if the POA signed the offer on behalf of the taxpayer. If the POA signed, a copy of the Form 2848 dated the same date as the Form 656 or prior to the offer signature date must be maintained in the case file and a statement detailing the basis for allowing the POA signature in lieu of the taxpayer's signature of the Form 656 must be included in the AOIC remarks. See IRM 5.8.1.15.8, Signatures, for additional information.

- (2) PE will generate the TC 480 and Status 71 through the AOIC system. However, there may be situations when the TC 480 and Status 71 cannot be systemically generated (e.g., imminent statute). In those cases where AOIC does not systemically generate the appropriate TC 480 and/or Status 71, COIC must manually input the appropriate codes.

Note: If the TC 480 was manually input it must be manually reversed. Place the letters "TC" in red directly after the offer number on the outside of the case file and notate the AOIC history to identify the need for a manually reversal when the case is closed.

- (3) When the need for mirroring is identified, place a prominent red “M” directly after the OIC number on the case file. This could be caused by one spouse submitting an offer separately; one spouse appealing an offer rejection; or submission of separate offers by the spouses with different waiver dates for joint period(s).
- (4) PEs should offer Secure Messaging and the Document Upload Tool (DUT) to obtain taxpayer correspondence quickly and securely in lieu of mailing the documents. The use of the tool is voluntary for compliance employees.

5.8.3.8
(06-18-2024)
**PE Requests for
Estimated Tax Payments**

- (1) PE will determine if estimated tax payments (ES) are required and request any delinquent payments as part of their case perfection actions. Taxpayers who may be responsible for ES include self-employed individuals, retirees, investors, corporations, or wage earners with inadequate withholding.
- (2) In order to be considered for an OIC, taxpayers must be current with filing and payment requirements for the year in which the offer was submitted. ES are generally due quarterly, April 15th, June 15th, September 15th, and January 15th of the following year.
 - To determine whether ES are required, use the mandated OIC IAT Screening and Research tool.
 - Copy and paste your results from the IAT tool (ES Compliance Check) into AOIC remarks. If there is a shortfall, request via the Combo letter
- (3) Before requesting ES, review the OIC package to determine if the taxpayer no longer has an ES requirement for the current year.

Example: The taxpayer was previously self-employed with an ES requirement but became an employee in September 2022. The Form 433-A (OIC) submitted in March 2024 shows wage income and the package includes a YTD 2023 paystub showing withholding. Do not request ES based on TY 2022.

- (4) OIC IAT ES Compliance Check computes ES based on the last posted return. Review to ensure the last filed return is recent. If not, the taxpayer may be filing as secondary under another TIN or may have delinquent returns.
- (5) If the taxpayer files an original return with the Form 656 for a recent year that has not posted to IDRS, then the ES calculation on OIC IAT will not be correct. You will need to manually compute the required ES utilizing the ES worksheet found on: *OIC Policy - COIC - All Documents (sharepoint.com)*, to determine the amount owed.

Example: The OIC was received in SCOIC in May 2024, with original Forms 1040 for tax years 2022 and 2023. The IAT ES computation will be outdated because it is based on the last posted return, tax year 2021. Use the most current return,(tax year 2023) to calculate the ES due for 2024.

Reminder: Return the offer for non-compliance if the taxpayer has not filed all returns for the 6-year look back period. Review IDRS for filing extensions. If the taxpayer filed an extension to 10/15/20XX, return offer after the 10-week processing time for non-compliance.

- (6) If a manual ES calculation is required, complete the ES worksheet using the most recently filed return.
 - If the total balance due is \$1,000 or more, the taxpayer has an estimated tax requirement.
 - Check IMFOLT on the current year to ensure the ES are posted and are sufficient for the year the offer was received. ES credits usually post as a TC 660, TC 670, or TC 430. If there are no ES or there is a shortfall, the PE is required to request the correct amount owed in the combo letter
 - Always check IDRS for dishonored payment(s). If the payment was dishonored, add it to the amount you are requesting.

Note: If research indicates the taxpayer has adequate withholding, or the tax liability is less than \$1,000.00 then no ES is required.

- (7) Determine the amount due up to the current date. If the next quarterly payment will be due in the next 21 days, include that quarter in the computation. Request the payment or the shortfall using the approved mandatory open paragraph on the Combo letter: “Our records indicate you are required to make Estimated Tax Payments for tax year(s) %A **[up to 2 tax year, i.e., 2022 & 2023]**. You must make payment of %B by %C for us to consider your offer or provide verification that your estimated tax payments or withheld income tax are sufficient so far for the tax year(s) indicated. If your estimated tax requirement is less than the requested amount, include an estimated tax calculation along with other supporting information such as profit and loss statement or year-to-date paystub, as applicable. In addition, you must continue to make your estimated payments for each quarter as they become due while we are considering your offer. The amount of your required quarterly payment is %D . Your next payment of %E will be due on %F. The payments are due on April 15th, June 15th, September 15th, and the following January 15th. If you do not make these estimated payments, we will return your offer without further consideration”. If the request includes payments for more than one year, provide the breakdown in an open paragraph.

Note: Research for a cross reference EIN (Sole Proprietor) and if there is no filing, ask for the returns in the Combo letter.

- (8) If the taxpayer does not respond to the combo letter requesting the correct amount of ES due, then you can return the offer for non-compliance.

5.8.3.9 (06-18-2024) AOIC Combo Letter

- (1) The Combo letter on the AOIC system is designed to communicate with the taxpayer and/or their representative to advise the taxpayer that their offer has been received or to request the necessary corrective action(s).
- (2) If there is a Z freeze on the account, do not send a letter, refer to in-house RO for additional research. See IRM 5.19.1.3.5, For Other Account Issue Requiring Referrals or Redirect or *AM Research Portal*. Never discuss with the taxpayer or POA that there is a criminal investigation taking place or tell them there is a Z freeze or other criminal coding on their account.
- (3) If no perfection is required, issue the AOIC Combo letter, Paragraph A. The date of possible taxpayer contact must reflect 120 days from the date of the

Combo letter. Document the AOIC remarks with this information. Include Pub 1, Your Rights as a Taxpayer, and Pub 594, The IRS Collection Process.

Note: Phone contact, DUT or SM in lieu of the combo letter is acceptable and must be annotated in the AOIC Remarks, including discussion of the publications. After the call, mail Pub 1, Your Rights as a Taxpayer and Pub 594, The IRS Collection Process to the taxpayer.

- (4) If perfection is required, prepare the Combo letter using the paragraphs that address all deficiencies. Include Pub 1 and Pub 594.

Note: Phone contact in lieu of the combo letter is acceptable and must be annotated in the AOIC Remarks, including discussion of the publications. After the call mail Pub 1 and Pub 594 to the taxpayer.

- (5) Before mailing the AOIC Combo letter to the taxpayer and representative, if appropriate, you must ensure the representative is authorized to receive correspondence. If a disclosure issue exists, use the applicable paragraph to indicate this in the AOIC Combo letter, and do not send a copy of the letter to the representative. Instead, send the representative a letter notifying them that correspondence has been sent to their client and they must contact their client for the information.
- (6) Post-date all AOIC Combo letters five (5) calendar days. Schedule follow-up for the 45th day from the date of the letter or phone call. This means that at least 50 calendar days (5 post-date plus 45 calendar days from the date of the letter) will have elapsed before an established follow-up date.
- (7) Document the AOIC remarks to summarize all applicable perfection issues and the mailing date of the letter or phone call.
- (8) Input the appropriate follow-up date to ensure timely interim letters are sent.
- (9) Retain a copy of the signed and dated AOIC Combo letter in the file.
- (10) Assign the offer to the applicable AOIC assignment number.
- (11) If there is no response to the Combo letter, the OIC may be returned with no further contact. A return for failure to perfect an offer does not require a Form 1271, Rejection Memorandum. The taxpayer has no appeal rights when the offer is closed as a return. For additional information on return reconsideration procedures see IRM 5.8.7.3, Return Reconsideration.

5.8.3.10
(11-05-2020)
**Processing Taxpayer
Responses to Combo
Letters**

- (1) If the Combo letter requested critical perfection information but the taxpayer fails to respond, the offer may be returned with no further contact.
- (2) If the offer is assigned to 51XX and the taxpayer responds, incorporate the response into the file and assign to 5500 Response Received or 5558 SE Response Received , as appropriate.
- (3) Responses received on cases assigned to 5150 (field) must be reviewed immediately, assigned to a PE for expedite processing, and transferred to the appropriate FOIC group.
- (4) All other responses must be reviewed within 10 calendar days of assignment to the PE.

- (5) Upon reviewing the response, take the next appropriate action: assign to 60XX OE hold file or return.
- (6) If the taxpayer or their representative requests an extension of time to comply with the request for information, a reasonable amount of time should be granted. Document the AOIC history indicating the new deadline for the response and return offer to 51XX with new follow up date. If the taxpayer and/or the representative fails to meet the additional deadline, return the offer with no further contact.
- (7) If the request included:
 - Missing TIPRA payments,
 - Missing ES payments
 - Perfection of Form 656, Offer in Compromise (missing signature(s) and/or pages),
 - Missing or incomplete Form 433-A (OIC), Collection Information Statement for Wage Earners and Self-Employed Individuals, and/or Form 433-B (OIC), Collection Information Statement for Businesses, and the taxpayer failed to provide or address the missing payments and/or forms; research does not reflect the payment(s) have been received, and no special circumstance were identified, the offer may be returned with no further contact. For additional information on return reconsideration procedures see IRM 5.8.7.3, Return Reconsideration
 - If the taxpayer submits a new or amended Form 656 Offer in Compromise, in response to the Combo Letter requesting the TIPRA shortfall and does not provide the shortfall requested, the offer should be returned.
 - If a taxpayer submits a new or amended Form 656, Offer in Compromise, in response to the Combo Letter, after an offer has been returned (all return criteria), requesting the previously submitted application fee or TIPRA payment be applied to the new offer, the new offer should be loaded and returned for no application fee or TIPRA payment.
 - A phone call is appropriate to inform the taxpayer/POA that the offers will be returned, and the taxpayer can submit a new Form 656, Offer in Compromise, with a new application fee and TIPRA payments.

Exception: A taxpayer may only use an application fee or TIPRA payment from a previously closed offer if they meet the requirements in IRM 5.8.7.3, Return Reconsideration.

- Taxpayer failed to provide or address the missing payments or forms, internal research does not reflect the payment(s) have been received, and no special circumstances were identified, the offer may be returned with no further contact. For additional information on return reconsideration procedures see IRM 5.8.7.3, Return Reconsideration.
- (8) Update AOIC remarks summarizing the documents or payments received.
 - (9) Sign any **related** Form 656 with the current date. Retain the original and any amended Form 656 in the case file. Amended Form 656 no longer need to be signed as long as the original Form 656 in the case file is signed. See IRM 5.8.1.15.8(4), Signatures.

- (10) The PE is required to initiate the next appropriate action on cases where taxpayers have responded to the Combo letter within 10 calendar days from the date the offer is assigned to the PE.
- (11) An interim letter, advising 90 days for the next taxpayer contact, must be sent after the PE reviews the response, prior to assignment to an OE holding inventory. Document the AOIC Remarks that the interim letter was issued. If interim letter was done manually (not through GII) then clearly annotate AOIC remarks the date the letter was mailed and set a follow up for 90 days.

5.8.3.11
(06-18-2024)

Processing Telephone Responses to Combo Letters

- (1) The PE is responsible for answering incoming calls from taxpayers, tax representatives and internal customers on the COIC toll-free telephone line.

Note: If taxpayer calls and there is a Z freeze on the account, do not give any account information and advise the taxpayer, an OE/OS will contact them once assigned.

- (2) Generally, these calls involve taxpayer inquiries regarding the status of pending offers or questions about a letter they received.
- (3) For the majority of the calls, the PE should access the offer on AOIC and, by reviewing the remarks screen, satisfactorily answer the taxpayer's questions. If there is no offer on AOIC, research AMS and cc ENMOD to see if a 656-B was sent to the taxpayer due to incomplete offer submission.
- (4) There will be times when it will be necessary for the PE to take additional follow-up actions to address the taxpayer's concerns.
- (5) The table below illustrates when follow-up actions must be taken:

Item	If the taxpayer	Then the PE will
1	states they received a letter indicating they need to submit ES tax payments; however, their business closed, and they are not liable for any ES tax payments for the current year. Note: "Not able" is not an excuse for not making the ES payment. The taxpayer must be not liable.	<ul style="list-style-type: none"> • Accept oral testimony and have the taxpayer contact customer service and close out their filing requirements. • Document the conversation in AOIC Remarks. • If this is the only corrective action that was requested, pull the case from 51XX, issue an interim letter(if applicable) input new follow up date and assign to 60XX.

Item	If the taxpayer	Then the PE will
2	wishes to withdraw their offer verbally	<ul style="list-style-type: none"> Accept oral testimony (withdrawal requests are not required to be made in writing), inform taxpayer that there are no Appeal rights if the offer is withdrawn. <p>Note: An oral request for withdrawal is effective on the date the IRS sends a confirming letter. See 26 CFR 301.7122-1(d)(3) Withdrawal.</p> <ul style="list-style-type: none"> If joint offer, verbal withdrawal is needed from both taxpayers. Have the offer pulled and assign to the PE who accepted the oral testimony Prepare and send to manager to sign and close on AOIC. Once closed, send to in-house RO for lien determination and to give the taxpayer CAP appeal rights.
3	wishes to withdraw their offer in writing	<ul style="list-style-type: none"> Inform taxpayer that there are no Appeal rights if the offer is withdrawn. Pull the case from 51XX. Document AOIC remarks with the conversation. For Individual offer, have taxpayer fax response and set follow up for 5 business days and assign to your inventory, if no response, assign to 60XX. For joint offers, the request must be made from both taxpayers. If both taxpayers are not available on the phone, request a call back. If the taxpayer wishes to send the withdrawal in writing, assign the offer to the PE who spoke to the taxpayer and set a follow up for 15 days for a response. If necessary, Send the Letter 3504-A. If no response, assign to 60XX. If oral or written reply is received, prepare withdrawal letter, and close the offer on AOIC <p>Note: An oral request for withdrawal is effective on the date the IRS sends a confirming letter. See 26 CFR 301.7122-1(d)(3) Withdrawal.</p> <ul style="list-style-type: none"> Once closed, send to in-house RO for a lien determination and CAP appeal rights.

Item	If the taxpayer	Then the PE will
4	states they have special circumstances which may require expedite handling, such as: <ul style="list-style-type: none"> • Imminent foreclosure on home • Medical conditions • Funds for offer only available for a limited time 	<ul style="list-style-type: none"> • Document AOIC remarks. • Pull case from assigned inventory. • Give case to PE manager to expedite to assign to an OE on a rotational basis. If offer does not meet expedite criteria, the PE manager is required to call the taxpayer or POA and advise the reason why the offer cannot be expedited and reassign the offer back to 51XX/60XX. <p>Note: See “Expedite Handling” in IRM 5.8.3.18 and IRM 5.8.4.27, Expedite Handling .</p>
5	states they received no call back from MOIC after leaving a message	<ul style="list-style-type: none"> • If less than or equal to 3 business days, advise the taxpayer to wait for the call back. See IRM 10.5.1.6.7.2, Answering Machine or Voicemail • If more than 3 business days and the taxpayer agrees to call MOIC again, advise the taxpayer to call 844-805-4980 and be sure to listen to the prompts when calling MOIC and to choose the correct prompt for an accepted offer. <p>Note: Ensure the taxpayer leaves their name, phone number and the offer number on the vms.</p> <ul style="list-style-type: none"> • If more than 3 business days and the taxpayer wants MOIC to return their call, e-mail the tax examiner and cc their manager with the taxpayer’s name, phone number, offer number and reason for call. • If the taxpayer requests a manager call back from MOIC, e-mail the manager with the taxpayer’s name, phone number, offer number and the reason for the call. Allow 2 business days for MOIC to return the call. See IRM 1.4.52.6.5, Closing and Review Actions, under the “Note”. • If the taxpayer states that MOIC manager has not returned their call, route the call back request to the PE manager for action. • Document AOIC remarks

- (6) If the taxpayer calls and their offer is assigned to a hold file, and they are requesting a lower TIPRA periodic payment because they can no longer afford

the payments, advise the taxpayer they must be current with the payment terms they originally proposed. If they are not, they can choose to withdraw their offer and resubmit a new offer with a lower periodic payment. If the taxpayer is current, they can submit an amended offer with the new payment amount and the OE/OS will determine if they qualify for the new amount. They cannot submit an amended offer to avoid TIPRA that is already due per IRM 5.8.3.6, Perfecting Offers.

- a. Advise that if a taxpayer assigned to the hold file requests to amend the terms of their offer, advise them that the IRS will only consider an amended offer if the taxpayer is current on TIPRA payments when the amended offer is submitted.
 - b. Advise the taxpayer if they are current on TIPRA payments and they submit an amended Form 656, that contract will be associated with the case file.
 - c. When the case is assigned for investigation, the OE/OS will determine if the TIPRA terms were current and if the taxpayer qualifies for amended terms, per IRM 5.8.7.4.2.2, Amended Offer after Failure to Make Required Periodic Payments.
 - d. Advise if the taxpayer mails an amended Form 656, to write AMENDED and the OFFER NUMBER at the top . If they are not current with the terms proposed on the original Form 656, they must send any accrued payments due with the amended offer.
 - e. The PE is not responsible for determining any TIPRA payment shortfall or if the amended offer will be accepted. Do not change the proposed terms in AOIC.
- (7) Any additional discussions with the taxpayer or tax representative that may require follow-up actions should be discussed with the manager.
 - (8) All phone calls must be well documented in the AOIC Remarks Screen. Document AMS if there is no offer on AOIC.

5.8.3.12 (11-05-2020) Processing Tax Returns

- (1) If the taxpayer submits an original tax return(s) with the offer submission and it is not signed, follow IRM 5.8.3.6(1) procedures. If the taxpayer fails to respond, the offer will be returned without further consideration.
- (2) If the tax return is properly signed:
 - Make a copy for the case file.
 - Annotate "OIC-PAO" in red in the middle of the top margin of the return.
 - Complete a Form 3210, Document Transmittal, and write "OIC - Expedite" in the Remarks area.
 - Follow guidance on expedite processing of tax returns, found on OIC Share Point at: *OIC - Counsel, State Tax Law, NFTL, Geographical Taxpayers, Processing Tax Returns - All Documents (sharepoint.com)*.
 - Document AOIC.

5.8.3.13 (06-18-2024) No Reply Procedures

- (1) After the offer is deemed processable and a Combo letter has been sent, the offer should be held until the follow-up date expires to allow the taxpayer to provide the requested information.

- (2) If the taxpayer or their representative requests an extension of time to comply with the request for information, a reasonable amount of time should be granted. Document the AOIC history indicating the new deadline for the response and update the follow-up date. If the taxpayer and/or the representative fail to meet the additional deadline, return the offer with no additional contact.
- (3) After the designated time period has passed and no response has been received, the "No Reply" return process will be initiated by the COIC site designated manager. The AOIC system will generate all the necessary letters and documents to allow for the closing of the case off of AOIC.
- (4) Before closing the offer, check AOIC to verify that no response was received. Check IDRS to ensure there is no Combat Zone, -C Freeze, on the account. For additional information see IRM 5.19.10.6.3, Combat Zone Freeze Codes.
- (5) When returning the offer:
 - Retain the original Form 656, Offer in Compromise, any amended Forms 656, and a copy of the return letter in the file.
 - Cross out all IRS received dates with an "X".
 - Stamp the Form 656 with RETURN and add the current date. Make a copy to send to the taxpayer and their representative (if appropriate)IRM 5.8.3.19.
 - Update the case remarks on AOIC, including the reason for the return.
 - Assign to the manager to sign, date, and close off AOIC.
 - Forward the entire case file to Appeals, if the offer is part of an open Collection Due Process (CDP), once the case is closed.

Note: For information on return reconsideration procedures see IRM 5.8.7.3, *Return Reconsideration*.

5.8.3.14
(10-11-2022)
**Processing Form 657,
Offer in
Compromise/Revenue
Officer Report**

- (1) Form 657, Offer in Compromise/Revenue Officer Report serves to establish coordination between the field Collection RO group, the field OIC group and the COIC sites.
- (2) All OICs forwarded with a Form 657, will be processed following normal procedures.
- (3) If the offer account is in Status 26 and the Form 657 was not received, the COIC site will contact the RO by E-mail and copy their manager to request Form 657 and continue processing the offer. Update the account(s) to Status 71. Copy the E-mail request into the AOIC Remarks

Note: The RO should complete the Form 657 and forward it to the COIC site that received the original offer within four business days of receipt of the offer package or notification that an offer has been submitted by the taxpayer.

- (4) If there is not sufficient information to support the field RO solely to delay recommendation, case build and assign to the field for additional evaluation following expedite procedures.

5.8.3.14.1
(06-18-2024)
**Offers Submitted Solely
to Delay Collection per
Forms 657**

- (1) When an RO determines that an offer is submitted solely to delay collection, the offer can be returned to the taxpayer after obtaining appropriate approval. See IRM 5.8.4.20.2, Procedures for Return of Offers Submitted Solely to Delay Collection.

Note: The term solely to delay collection is defined as an offer that was submitted for the sole purpose of avoiding or delaying collection activity. See IRM 5.8.4.20, Offer Submitted Solely to Delay Collection, and IRM 5.8.4.20.1, Solely to Delay Examples and Discussions, for examples of solely to delay.

- (2) The SBSE SCOIC team managers have delegated authority to approve returns based on solely to delay collection. The SBSE SCOIC team manager must review Form 657, the ICS history and any other documentation relating to the offer. If they do not agree with the RO's solely to delay decision, the SBSE Specialty Collection OIC site ROs manager will discuss 5.8.3.14. the issue with the field RO manager.

Note: The SBSE SCOIC team managers must document the AOIC and ICS history with the reason(s) for concurring with or overruling the RO recommendation to return the offer.

- (3) If there is not sufficient information to support the field RO solely to delay recommendation, consult with the site RO. If the site RO determines the case does not meet the criteria for solely to delay (i.e., enforcement was not pending, or the taxpayer had not been asked to pay more based on the RO's financial analysis) then case-building should continue. The site RO manager will notify the RO group manager that the offer will be processed.
- (4) An OIC is not considered submitted solely to delay collection just because there is an imminent CSED issue or if an offer has been rejected after investigation and the taxpayer exercises appeal rights.
- (5) If the offer is returned as solely to delay collection, the COIC site will contact the originating RO to advise when the return letter has been issued. Unless a jeopardy situation exists, the RO must wait for COIC notification that the return letter has been issued before taking any collection enforcement action. See IRM 5.8.4.20, Offer Submitted Solely to Delay Collection , for solely to delay procedures.

Note: The account(s) will remain in Status 26 and should not be updated to Status 71.

- (6) If a taxpayer or POA contacts the COIC site or field offer group concerning an offer deemed as solely to delay based on an RO recommendation before a return letter has been issued, the call should be referred to the field collection RO group manager. However, once the return letter is issued, the call should be handled by the COIC or field OIC group manager.
- (7) Generally, an offer submitted during a CDP hearing should not be returned under solely to delay criteria, as discussed in IRM 5.8.4.20, Offer Submitted Solely to Delay Collection, unless the OE/OS manager agrees IRM requirements are met, and the RO manager verifies enforcement action is anticipated subsequent to the offer return.

Note: The PE will not make the solely to delay determination on CDP offers, the OE/OS will make that determination and send a copy of the return letter to the settlement officer

- (8) If there is not sufficient information to support the field RO solely to delay recommendation, case build and assign for additional evaluation.

5.8.3.15
(06-18-2024)

Input and Verification of TC 480

- (1) The PE must verify that the TC 480 has posted to each tax period shown on the Form 656.
- (2) If the TC 480 has not posted, it must be manually input. If a manual input is required, input the TC 480, place the letters **TC** in red directly after the offer number on the outside of the case file and, notate the AOIC history to identify the need for a manual reversal when the case is closed.
- (3) If the request is from FOIC and the PE received a DCI requesting the manual input of the TC 480, document AOIC that a manual reversal is required. Forward the completed DCI with a print of the Query screen to be associated with the case file.
- (4) The table below provides instruction for inputting the TC 480.

Item	If...	Then
1	TC 480 is not present	<p>Input the TC 480 using CC REQ77. Use the date the Form 656 was signed by the IRS official as the transaction date, not the date the taxpayer signed.</p> <p>Note: If the TC 480 is manually input, it must be manually released.</p>
2	All TC 480s present do not have the same date the Form 656 was signed by the IRS official	<ul style="list-style-type: none"> • Input TC 483 using CC REQ77. • Input STAUP to prevent balance due notices from issuing. • Input TC 480 using CC REQ77 with the correct date; include a posting delay code of 1.

Item	If...	Then
3	The offer was returned solely to delay the same day it was processed.	<ul style="list-style-type: none"> Manually input the TC 480 using REQ77. Use the date the Form 656 was signed by the IRS official as the transaction date, not the date the taxpayer signed. Manually input the TC 481 with a cycle posting delay to prevent the transaction from unposting. Delete the transactions on the MFT screen to avoid data download transmitting the TC 480s.

- (5) If a tax return is submitted with the offer and has a balance due: Manually upload the balance on the Form 1040 and TC 480 and ST. 71 on the MFT module. If there is no balance due, DO NOT load.

5.8.3.16 (06-18-2024) Dishonored Payments

- (1) For payments processed through Paper Check Conversion (PCC) Ogden Accounting receives the initial notification of a dishonored OIC payment from the Federal Reserve Bank through the Electronic Verification and Image Services (ELVIS) automated system.
- (2) The Ogden Dishonored Check Unit will notify the taxpayer by mailing them a copy of the dishonored check and Form 12993-A, Check for Offer in Compromise Payment Not Accepted by Bank.
- (3) Ogden Accounting will E-fax copies of the dishonored payments to the COIC site that originated the Form 3210, Document Transmittal .
- (4) Notification of dishonored payments that are processed through Remittance Strategy-Paper Check Conversion (RS-PCC) will originate from Ogden Accounting and E-faxed to the originating site.
- (5) Upon notification of a dishonored application fee, and/or TIPRA (initial) payment, the site will determine the current AOIC offer assignment.
- (6) If the dishonored payment was for a subsequent TIPRA (periodic) payment, see IRM 5.8.7.2.2.5, Return for Dishonored Payments. If the offer is in a hold file, bad check the payment screen and annotate AOIC remarks with actions taken. Associate dishonored payment documentation with the case file. If the taxpayer has not corrected the dishonored payment issue, return the offer.
- (7) If the payment has been moved from the 4710 Account to the Master File, the Dishonored Check Unit will reverse the payment with a TC 671. If no notification of the dishonored payment is received, the dishonored check can also be identified by the TC 671 posted on IDRS.

- (8) The PE will select the bad check option on the AOIC payment screen for the dishonored payment to ensure an accurate balance is shown. See table below.
- (9) Upon notification of a dishonored application fee and/or TIPRA payment, **the offer will be immediately pulled and returned** to the taxpayer with the appropriate AOIC letter for a dishonored check. The PE will be responsible for selecting the bad checking option on the payment screen on AOIC and updating the remarks with the following information:
- Which check(s) (application fee, TIPRA payment, or both) was returned,
 - The check number; and
 - Date the check was dishonored
 - If the offer is already closed and you cannot update the payment screen, annotate in AOIC remarks which action number was dishonored.
- Note:** If the dishonored check was for a subsequent periodic payment, it will be addressed by the offer examiner or offer specialist. See IRM 5.8.7.2.2.5, Return for Dishonored Payments.
- (10) If you receive notification of a dishonored payment and the taxpayer qualified for the low-income waiver, and submitted a payment with their offer, continue processing the offer and select the bad check option on the payment screen and clearly annotate the remarks on AOIC of your actions.
- (11) There may be no notification of dishonored checks. Check IDRS for the posting of a TC 671 that may also include a secondary TC 280 or TC 286, dishonored check penalty. Annotate which check was dishonored, for example, application fee, TIPRA or subsequent. Enter as much information as you have available, for example, bank name, check number, amount etc.
- (12) If the payment was dishonored while still in the 4710 account, Accounting will annotate their copy of the Form 3210 as appropriate. See IRM 5.8.8.17, Notification of Dishonored Application Fee and/or TIPRA Payment for guidance.

Item	If	Then
1	The dishonored check is a deposit Note: Per the Form 656 revision date 4/2022, deposits are no longer accepted	<ul style="list-style-type: none"> • Notify Monitoring Offer in Compromise (MOIC) and continue investigation of the case.
2	Assigned to an OE/OS	<ul style="list-style-type: none"> • Bad check the payment screen on AOIC and document AOIC remarks • Forward the information to the OE/OS to return the offer.

Item	If	Then
3	Assigned to a PE or Hold file	<ul style="list-style-type: none"> • Pull the offer and/or forward the information to the PE working the offer • Bad check the payment screen on AOIC and update the remarks. • Return the offer

- (13) If the taxpayer or an authorized representative offers to replace the dishonored check and requests reconsideration of their offer, contact by the taxpayer or their representative must be made within 30 days of the date of the initial AOIC return letter. The replacement payment must be in the form of certified funds (bank or postal money order, cashier check, etc.) or through EFTPS and received within a reasonable amount of time. See IRM 5.8.7, Return, Terminate, Withdraw, and Reject Processing, for reconsideration procedures.

- (14) When contacted:

- Inform the taxpayer or the authorized representative that the offer will not be reconsidered if the payment is not made with certified funds.
- A due date for receipt of the payment must be provided to the taxpayer or the authorized representative.
- Advise the taxpayer or their representative to submit the payment by overnight mail or by EFTPS.
- Document the case history.

- (15) Inform the taxpayer or the authorized representative that the certified funds must be mailed to either of the following addresses:

Campus	USPS mail	Private Delivery Service (PDS)
Brookhaven	Internal Revenue Service Mail Stop 681 PO Box 9011 Holtsville, NY 11742	Internal Revenue Service 5000 Corporate Court Stop 680 Holtsville, NY 11742
Memphis	Internal Revenue Service AMC-Stop 880 PO Box 30834 Memphis, TN 38130-0834	Internal Revenue Service 5333 Getwell Rd Stop 880 Memphis, TN 38118

- (16) To ensure proper handling, advise the taxpayer to include a letter requesting reconsideration of the offer.

- (17) If the payment was dishonored while still residing in the 4710 Account, the payment should be processed through established deposit procedures. A copy of Form 3210 must be forwarded to the appropriate MOIC function. Clearly indicate on the copy of Form 3210 that the payment is a replacement for a dishonored check. MOIC will load the payment on the AOIC deposit screen once the AOIC record is reloaded. MOIC is responsible for ensuring the payment is applied to the Master File as originally intended.

Note: The offer will be reloaded, and a new offer number will generate. The new Form 3210 will reflect the new offer number. Cross reference the original offer number in the AOIC history, and in the remarks section of Form 3210 to ensure Accounting is aware there may be two Forms 3210 with different offer numbers for the same taxpayer.

- (18) If the payment was dishonored with a TC 671 on the Master File, prepare a Form 3244, Payment Posting Voucher, to post the payment as a replacement for the dishonored payment.
- (19) Upon receipt of the replacement payment, the employee that processes the payment must also:
- Reload the offer on AOIC, if appropriate.
 - Verify if the payment was received within the established deadline as annotated in the AOIC remarks.
- (20) If the payment is not received by the specified due date, the payment will be processed in accordance with TIPRA payment requirements, and the case will not be opened as a reconsideration. See IRM 5.8.7.3, Return Reconsideration, for reconsideration procedures.

5.8.3.16.1
(10-11-2022)
**Additional Procedures
for Dishonored
Payments**

- (1) If the offer is still assigned to a COIC site, COIC will immediately cease processing the associated offer, update AOIC and return it to the taxpayer, utilizing letter option RET-AA.
- (2) If the offer is assigned to an FOIC, COIC will telephone or e-mail the employee assigned the offer (or the manager of the assigned function, if no individual is specified on AOIC) to advise of the dishonored payment. Once contact is made with the assigned area employee or manager, COIC will fax a copy of the dishonored check to include in the case file and document AOIC to indicate to whom the information was communicated.
- (3) If the case was processed as an Appeals CDP offer, COIC should query the Appeals Centralized Database System (ACDS) to determine which Appeals employee is assigned the case. COIC will telephone the Appeals employee to advise of the dishonored check and fax a copy to include in the Appeals case file. COIC will update the AOIC remarks.
- (4) If notification of the dishonored check occurs after the offer was closed on AOIC, annotate AOIC remarks with the check type, number, amount, and the date it was dishonored. If the dishonored check was for an accepted offer, send the copies of the Form 2287 and Form 12993-A to MOIC and update the remarks with all pertinent information.

5.8.3.17
(10-11-2022)
“Fee Refund/Apply Listing” Validation

- (1) When an erroneous processability determination is corrected because the taxpayer was in bankruptcy at the time the offer was filed, if the related application fee remittance was forwarded for deposit, the COIC sites will need to determine whether the remittance has been deposited and credited to the taxpayer’s liability. An application Fee Refund/Apply Listing should be generated from AOIC to identify application fees that were initially determined to be processable, but later determined to be not processable. Generation of this listing is required in order for the COIC site to verify and authorize a manual refund. If a manual refund is needed, see IRM 21.4.4.2, Manual Refunds, for instructions how to prepare a manual refund and *ManualRefund_1156.docx* (sharepoint.com), *Manual Refund Tool*
- (2) The COIC sites must generate the Application Fee Refund/Apply Listing on a monthly basis.
- (3) Generally, when an offer is deemed not processable, the IRS includes the taxpayer’s application fee, and in some cases the initial TIPRA payment, see IRM 5.8.2.4, Processability, with the return disposition letter. However, depending on the elapsed time between inputting a processability change on AOIC from “Y” to an “N”, the IRS may have already deposited the related application fee and applied the payment to the taxpayer’s liability on Master File.

Item	If.	Then.
1	the payments were deposited and still reside in the 4710 Account at the time the offer is deemed not processable	prepare a Form 3753, Manual Refund Posting Voucher, to manually refund. See IRM 21.4.4-2 Manual Refund Checklists
2	the processability determination is erroneous because the taxpayer was in bankruptcy at the time the offer was filed, and the payments were deposited and have been applied to the taxpayer’s liability	Contact Philadelphia CIO to determine if you should prepare the Form 5792, Request for IDRS Generate Refund, to manually refund the payments. Contact information is found on <i>Field Insolvency Liaisons - External Inquiries</i> .
3	if the taxpayer files bankruptcy during the investigation	Refund all payments subsequent to the TC 520 unless Chapter 7 bankruptcy found on PACER, then contact Insolvency for determination.

Note: The comments recorded on the Form 5792 must specifically state that the offer was deemed not processable due to bankruptcy and the taxpayer is entitled to the refund of the application fee. Include a contact name and number on the Form 5792 to provide Accounting a contact if questions should arise.

- (4) To determine whether or not a manual refund of the application fee should be issued, research the completed Form 3210 , Document Transmittal, to see

whether the application fee was deposited by the IRS or returned to the taxpayer via manual refund procedures.

- (5) Thorough research and care is required when determining which offers on the application Fee Refund/Apply Listing should receive manual refunds.

Item	If.	Then.
1	Research indicates that the application fee and TIPRA payment, if applicable, were returned to the taxpayer(s)	Access the offer payment screen on AOIC and clear the refund indicator to remove it from the Refund/Apply Listing.
2	Research indicates that the application fee and TIPRA payment, if applicable, were deposited and still reside in the 4710 Account	Contact the Monitoring Offer in Compromise (MOIC) function co-located with the COIC site and request a manual refund be generated to the taxpayer(s) using Form 3753 .
3	Research indicates that the application fee and TIPRA payment, if applicable, were deposited and applied to the Master File, and the offer was deemed not processable due to bankruptcy	<ul style="list-style-type: none"> • Prepare Form 5792 to manually refund the application fee payment and TIPRA payment. • Access the offer payment screen on AOIC and clear the refund indicator to remove the payment from the Refund/Apply Listing.

- (6) To request the MOIC function to issue manual refunds from the 4710 account, prepare a Form 4442 that includes:
- The offer number,
 - The taxpayer(s) name and
 - The taxpayer(s) identification number (TIN).
- (7) Records that support the COIC site's decision to either remove the offer record from the Refund/Apply Listing or to issue a manual refund must be retained for one year. At a minimum, the file should consist of:
- Copies of the Refund/Apply Listing or a memorandum detailing the requested information,
 - Copies of the Form 3210 and
 - Any other supporting documentation necessary to support the decision, including, but not limited to, the Remittance Processing System daily remittance registers.
- (8) Refunds of the applied application fee and TIPRA payment(s) are allowed if the taxpayer was in bankruptcy at the time the offer was received. The taxpayer's deposit is always refundable in erroneous processability determination situations.

Note: If it is found the taxpayer was in bankruptcy at the time the offer was filed, the application fee and all TIPRA payments must be refunded to avoid a potential violation of the bankruptcy stay.

- (9) All IDRS manual refunds must be monitored to ensure they are issued to the taxpayer and to avoid duplicate refunds.
- (10) When a manual refund is generated:
 - Open an IDRS control base and place in “M” status.
 - The status of the refund must be updated weekly on the Manual Refund listing.
 - Monitor open controls until posting of the TC 840.
 - Close IDRS control when the manual refund has posted.

Note: For additional information see IRM 21.4.4.6.1, Monitoring Manual Refunds.

5.8.3.18 (06-18-2024) **Expedite Handling**

- (1) There may be occasions where a taxpayer or Power of Attorney requests expedited processing of their OIC due to an emergency or perceived emergency situation. Situations that may warrant expedited case processing include (but are not limited to):
 - A contract or business agreement requiring the taxpayer, as a condition of the contract or agreement, to resolve the tax liability by a specific date,
 - Availability of the money to fund the offer is limited to a certain time.
 - A terminal illness may affect the ability to complete the payment terms.
 - If a procedural or other type issue creates the need for a new offer to be filed and the intent is only to correct the error or defect rather than rework the offer or work it as a new submission. These situations will be rare and generally have Policy or TAS involvement. You can contact the OIC Policy mailbox for guidance.

Note: Contact by phone, fax, or mail may identify an emergency situation not initiated by the taxpayer. Once identified, expedite processing may become necessary. Follow the procedures in paragraphs (3) and (4) below and discuss with the manager.

- (2) Processing Forms 656, Offer in Compromise, must be given priority consideration and handled expeditiously due to pending collection action.
- (3) Refer offers received with a request for expedited processing to management for a decision on whether or not expedited treatment is warranted.
- (4) If a decision is made to expedite offer processing, document the AOIC history indicating the basis for the decision. Form 656 should be clearly labeled at the top “Emergency Processing Requested.” Immediate processability and assignment for investigation should be made.
- (5) Every effort should be made to close the offer within 90 calendar days of receipt. In an attempt to bring the case to a prompt and timely resolution and

to meet the special needs of the taxpayer, immediate contact should be made with the taxpayer to request any additional information needed.

- (6) If a decision is made not to expedite the case, document the basis for the decision on the AOIC history. The manager will contact the taxpayer by telephone or correspondence explaining the basis for the decision. The case should be worked under routine processing.

5.8.3.18.1
(05-14-2013)

**Expedite Handling for
Short Collection Statute
Expiration Dates on
Related Offers**

- (1) The Collection Statute Expiration Date (CSED) is ten years from the date of a tax assessment.
- (2) PEs are responsible for ensuring there are no tax liabilities with less than one year remaining on the CSED for any offer received that will require a request for a related offer prior to acceptance. CSED dates can be found on the AOIC MFT screen and on the IDRS prints in the case files.
- (3) If any CSED is identified that is less than one year from the date the offer was received and there are no perfection issues:
 - Document AOIC Remarks screen,
 - Send Combo A to the taxpayer and representative, if applicable and
 - Give case file to manager to be expedited to an OE.

Note: If case is to be transferred to the SCOIC write: "Expedite - Short CSED", on the front of the case folder.

- (4) If a CSED is identified that is less than one year from the date the offer was received and perfection of the offer is required:
 - Send a Combo letter to request the needed perfection,
 - Document the AOIC Remarks screen and
 - Flag case for expedited handling,
 - When the response is received, give case file to the manager to be expedited to an OE.
 - If no response is received, return offer following IRM 5.8.3.13, No Reply Procedures.

Note: If case is to be transferred to the SCOIC, write: "Expedite - Short CSED", on the front of the case folder.

5.8.3.19
(06-18-2024)

**Third Party
Authorizations**

- (1) Taxpayers who wish to be represented must submit a properly executed Form 2848, Power of Attorney and Declaration of Representative. Review the form to ensure it includes required essential elements for validity as listed in IRM 21.3.7.5.1, Essential Elements for Form 2848 and Form 8821. Input the representative's information on AOIC and retain a copy of the form in the paper case file. Forward the original for recording on the Centralized Authorization File (CAF).

Note: The Office of Professional Responsibility has given special authorizations to students working with the Qualified low-income Taxpayer Clinic (QLITC) or Student Tax Clinic Program (STCP) which resulted in the addition of designation "k" to the Form 2848. The students that correctly complete the Form 2848 with the "k" designation have the same privileges that any other representatives have unless exceptions are listed in Part 1, Power of Attorney.

- (2) Send all original correspondence to the taxpayer and provide a copy to the representative if the box is checked on the Form 2848 and the POA is authorized for all tax periods.
- (3) Individuals who are not authorized to practice before the IRS with respect to a collection matter (such as unenrolled return preparer and registered tax return preparer) may accompany taxpayers to meetings with a completed Form 8821, Taxpayer Information Authorization, or other proper authorization, and receive and provide information that relates to the offer investigation. They are not authorized to represent the taxpayers or sign documents relating to offers in compromise. See IRM 5.1.10.7.2, Right to Retain Representation.

Note: Ensure copies of correspondence are sent to the representative(s) only when the taxpayer has checked the box on line 5a of the Form 8821 requesting that copies be sent to their representative.

- (4) If the offer contains liabilities for tax years or periods that are not included on Form 2848, send a combo letter to the taxpayer asking for an updated Form 2848/8821.
- (5) If during the investigation, it is discovered that the POA no longer represents the taxpayer, secure a letter revoking the POA and document the case history. Remove the POA information from AOIC.
- (6) Where a recognized representative has unreasonably delayed or hindered an examination, collection, or investigation by failing to furnish, after repeated requests, non-privileged information necessary to the examination, collection or investigation, the IRS employee conducting the examination, collection, or investigation may be given permission to bypass the representative and contact the taxpayer directly for such information [26 C.F.R. 601.506 (b) (Statement of Procedural Rules)]. Prior to contacting the taxpayer directly, the IRS employee must first initiate bypass procedures. See IRM 5.1.23.6, By-Passing a Taxpayer's Authorized Representative.
- (7) If you have a joint offer and only one spouse has a POA, the PE will have to update the Entity screen on AOIC by removing one spouse to compose a letter for the taxpayer and the POA. Then go back to the Entity screen and do the same for the other spouse. Once the letters are generated, they are to be mailed in separate envelopes to avoid disclosure. Once the PE has prepared both sets of letters, it is the PE's responsibility to go back to the Entity screen and add both taxpayers back on the Entity screen. AOIC remarks should clearly reflect actions taken.

5.8.3.19.1
(10-11-2022)
**Third Party
Authorization Requests**

- (1) During the course of the investigation, a taxpayer may submit a Form 2848 designating a third-party as their representative or power of attorney, or the taxpayer may submit a Form 8821 designating an appointee. When properly completed and filed by the taxpayer, each of these documents should be recognized during an investigation, and interaction with the third party should be governed by the parameters allowed within each of these authorization forms.
 - Form 2848 - authorizes an eligible individual (e.g., attorney, CPA, enrolled agent, or enrolled actuary) to represent a taxpayer before the IRS and allows the individual to receive confidential information.

- Form 8821 authorizes any individual, corporation, or partnership to inspect and/or receive a taxpayer's confidential information for the type of tax and the years listed on Form 8821 , Item 3.

- (2) The table below provides guidance to assist in distinguishing the differences between the Form 2848, Form 8821, and Form 656 See Exhibit in IRM 11.3.3-1, Quick Guide to the Powers of Attorney and Tax Information Authorizations.

5.8.3.19.2
(11-05-2020)
**Form 8821, Tax
Information
Authorization**

- (1) If Form 8821 is missing critical information that can only be provided by the taxpayer (e.g., tax years, type of tax, missing taxpayer signature, date), return the Form 8821 to the taxpayer.
- (2) Information that may be disclosed to the designee is limited to the type of tax, tax form number, tax years or periods, or specific tax matter that is listed on the Form 8821, item 3.
- (3) If Form 8821, Tax Information Authorization, is provided in conjunction with an offer and is properly executed, the authorization must be loaded on AOIC. See IRM 21.3.7.5.1, Essential Elements for Form 2848 and Form 8821. Check "yes" if the POA is entitled to correspondence when loading the representative on AOIC. See IRM 5.1.23.4.3(1)b, Authority Granted by Form 8821 for further information.
- (4) The designee is not authorized to respond to any type of correspondence on behalf of the taxpayer if the response advocated a position that would indicate that the designee is taking on a representational role.
- (5) Mail/fax the original Form 8821 to the appropriate Centralized Authorization File (CAF) campus in Memphis, Ogden, or Philadelphia (International), depending on the taxpayer's state of residence.
- (6) Form 8821 may also be faxed. If the form is faxed, retain the original in the case file. Document the history to indicate the date and campus to which the form was sent.

5.8.3.19.3
(10-11-2022)
**Form 2848, Power of
Attorney and Declaration
of Representative**

- (1) As of March 2004, the IRS will not honor a Form 2848, Power of Attorney and Declaration of Representative if it designates a representative who is not authorized to practice before the IRS. Further, the form will not be treated as a Taxpayer Information Authorization. Form 8821, Taxpayer Information Authorization, is required to allow those individuals, who cannot practice before Collection personnel to access tax information beyond what would be allowed if they completed the Third-Party Designee section of Form 656, Offer in Compromise.
- (2) Taxpayers may authorize a student who works in a low-income Taxpayer Clinic (LITC) or Student Tax Clinic Program (STCP) to represent them under a special order issued by the Office of Professional Responsibility (OPR). A copy of the letter from OPR authorizing practice before the IRS must be attached to Form 2848 . Students who have been authorized to practice by a special order may, subject to any limitations set forth in the letter from OPR, represent taxpayers before any IRS office and should be treated the same as any other taxpayer representative designated on Form 2848.

- (3) The power to sign the taxpayer's tax returns can be granted only in limited situations. Refer to Form 2848 and Treasury Regulations 1.6012-1(a)(5) and 1.6061-1(a) for additional information.
- (4) If a joint return has been filed, one or both spouses may choose to be represented by a POA. However, beginning in October 2011, If both spouses choose to be represented by the same individual(s) or different individuals, both the husband and wife are required to file and sign **separate** Forms 2848. If only one spouse is to be represented, only the one that will be represented is required to sign the Form 2848. Regardless, any authorized representative of either spouse is allowed access to tax information related to the joint tax return.
- (5) Mail or fax Form 2848 to the appropriate Centralized Authorization File (CAF) campus in Memphis, Ogden, or Philadelphia (International) depending on the taxpayer's state of residence. Refer to the Instructions on the Form 2848 for mailing addresses and fax numbers. If the Form 2848 is faxed, retain the original in the case file. Document the case to indicate the date and campus to which the form was sent.
- (6) You must ensure the POA is valid prior to sending notices. See IRM 5.8.2.3(12), for more information.

5.8.3.20
(02-09-2018)
**Processing Forms 4442
from Automated
Collection Services, Toll
Free, or Other IRS
Divisions**

- (1) Form 4442, Inquiry Referral, will be prepared by Automated Collection System (ACS), Toll Free, and Walk-in operations to provide information submitted by the taxpayer on a previously filed offer in compromise. Normally, these forms will be prepared if the taxpayer has yet to be contacted or notified of the status of the offer within 45 calendar days of the offer being submitted for processing.
- (2) Form 4442 will be faxed to the appropriate COIC sites. The forms should be reviewed within 48 hours of receipt and any necessary action taken on the account based on the information provided.

5.8.3.21
(11-05-2020)
Undeliverable Mail

- (1) Taxpayers have a right to receive correspondence about their Offer in Compromise. The IRS is required to exercise due diligence to find and use taxpayer's last known address. It is important that all Undeliverable Mail is worked as a priority to ensure that the correspondence is mailed to the taxpayer's current address.
- (2) IDRS research should be done utilizing the CC ENMOD or IMFOLE to see if there is a new address on file. If there is a new address, then re-mail the undeliverable notice in a new envelope. If no new address is found, telephone the taxpayer or POA for better address.
- (3) If the taxpayer is deceased, and there is no secondary taxpayer, POA, or fiduciary on file, do not re-mail the undeliverable notice. Instead, include the undeliverable notice in the case file. If there is a valid fiduciary or POA on file, re-mail the undeliverable letter to their address of record.
- (4) **If the address on the USPS yellow address sticker is not on AOIC/IDRS, (1) re-mail the undeliverable letter to the address on the yellow sticker, (2) send Form 8822 , Change of Address, to the taxpayer, (3) add 30 days to the suspense date on AOIC and input remarks on AOIC documenting the actions taken.**

- (5) The IRS may change an address using information received from the USPS, National Change of Address (NCOA) database. Upon receipt of any undeliverable mail piece with an affixed USPS "yellow label", and IRS office should examine, research, and update the address as follows:
- If the taxpayer's name printed in the letter and what is shown on the "yellow label" are exactly the same, update the taxpayer address to the "yellow label" address
 - If the taxpayer's mailing address differs from the "yellow label" and the name printed on the "yellow label" is an exact match to the correspondence, update the taxpayer's mailing address to the "yellow label" address. Reissue the correspondence to the taxpayer's updated mailing address
 - If the taxpayer first name is like that on the "yellow label", but the last name is an exact match, confirm whether IRS records show any other taxpayers with similar first names and the exact same last name on the same address. If not, update the taxpayer address. Otherwise, do not update the taxpayer address.
 - In all other cases do not update the taxpayer's address.

Caution: **DO NOT** update MF strictly based on the yellow address sticker address provided by the USPS. Use the address on USPS yellow address sticker to only reissue the letter after research is conducted, and it is determined that the USPS yellow address sticker is the most current.

5.8.3.21.1
(11-05-2020)

Undeliverable Mail and Money

- (1) If the undeliverable is for a not processable offer, research IDRS for a new address and verify with a telephone call to either the taxpayer or POA.
- (2) If the fee was in the form of a cashier's check/money order that has **expired**, you may destroy the check after annotating AMS and AOIC on your delivery attempts. You must clearly annotate the type of check, the amount, the date destroyed, and all attempts made to contact the taxpayer/POA for a better address. The Form 656, Offer in Compromise must be held in a hold file for 6 months before placing in classified waste.
- (3) If the check was a stamped non-negotiable personal check, you may destroy the check after annotating AMS and AOIC on your delivery attempts. You must clearly annotate the type of check, the amount, the date destroyed, and all attempts made to contact the taxpayer/POA for a better address. The Form 656, Offer in Compromise must be held in a hold file for 6 months before placing in classified waste.
- (4) For any other situation that cannot be resolved, please send the inquiry to *SBSE Coll Policy OIC mailbox.