



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

8.23.1

AUGUST 23, 2021

EFFECTIVE DATE

(08-23-2021)

PURPOSE

- (1) This transmittal revises IRM 8.23.1, Offer in Compromise, Offer in Compromise Overview.

MATERIAL CHANGES

- (1) Includes new and revised guidance and other editorial changes noted in the table below, pertaining to the Offer in Compromise program in Appeals:

IRM Section	Description of Change
8.23.1.1	Added Program Scope and Objectives and its related subsections to explain the program's management and internal controls.
8.23.1.1.2	TBOR content updated based on guidance from the Division Counsel/Associate Chief Counsel (National Taxpayer Advocate Program) and Branch 3 of the Associate Chief Counsel (Procedure and Administration).
8.23.1.2(3)	Added Note to explain Collection has jurisdiction of an offer in compromise that is submitted during the remand of a Collection Due Process and IRM 5.8.7.7.5 procedures are followed if that offer is rejected.
8.23.1.2(7)	Clarified that full payment of liability to preclude an offer in compromise may be a combination of lump sum payment and installment payments.
8.23.1.3	Clarified that suspension of levy on property and rights to property while an offer is pending extends only to the property and rights to property of the taxpayer submitting the offer.
8.23.1.5.1(1)	Added Note that the application fee does not apply to offers in settlement under the jurisdiction of the DOJ, offers submitted for DATL, or offers made by taxpayers meeting Low-Income Certification criteria.
8.23.1.5.1(2)	Clarified that generally application fee was not applied to liability or to offer amount and added Exception of circumstances when the application fee will be credited toward offer amount or refunded to taxpayer upon request.
8.23.1.5.1(3)	Added that Form 656 must be received with the most current revision date.

IRM Section	Description of Change
In General	Revised for grammar, plain language and other editorial changes
In General	Updated IRM cross-references

EFFECT ON OTHER DOCUMENTS

This transmittal supersedes IRM 8.23.1, dated April 18, 2016.

AUDIENCE

Appeals Employees

Steven M. Martin,
Director, Case & Operations Support

8.23.1

Offer in Compromise Overview

Table of Contents

8.23.1.1 Program Scope and Objective

8.23.1.1.1 Background

8.23.1.1.2 Authority

8.23.1.1.3 Responsibilities

8.23.1.2 General

8.23.1.3 Suspension of Levy While Offer is Pending

8.23.1.4 Conference and Settlement Practices

8.23.1.5 Requirements for Compromise

8.23.1.5.1 Application Fees, Offer Terms, Payments and Deposits

8.23.1.5.1.1 Processing OIC Payments

8.23.1.1
(08-23-2021)
Program Scope and Objective

- (1) *Purpose.* Provides instruction for the consideration of offer in compromise (OIC) cases. The procedures in IRM 8.23 are intended to be consistent with the procedures in IRM 5.8, Offer in Compromise, IRM 5.15, Financial Analysis, as well as with other sections of IRM Part 8 - Appeals. Section 509 of the Tax Increase Prevention and Reconciliation Act of 2005 (TIPRA) impacted the offer in compromise program. Your responsibilities under TIPRA differ between Collection Due Process (CDP) and non-CDP offers. Guidance on CDP offers is available in IRM 8.22.7 , *Collection Due Process - Alternatives to Collection Action*.
- (2) *Audience.* The primary users of this IRM section are Appeals Technical Employees (ATEs) who work OIC cases.
- (3) *Policy Owner.* Policy, Planning, Quality & Analysis (PPQA) is under the Director of Case and Operations Support.
- (4) *Program Owner.* Appeals Policy is the program office responsible for providing technical and procedural guidance to the Appeals Organization and is under the Director of PPQA.
- (5) *Contact Information.* Appeals employees should follow established procedures on *How to Contact an Analyst*. All other employees should contact the Product Content Owner provided on the Product Catalog Information page for this IRM.

8.23.1.1.1
(08-23-2021)
Background

- (1) An OIC is an agreement between a taxpayer and the government that, generally, settles a tax liability in exchange for payment of less than the full amount owed. When the government rejects a taxpayer's offer to settle a tax liability, the taxpayer may administratively appeal the rejection of an offer to the IRS Independent Office of Appeals if, within the 30-day period commencing the day after the date on the letter of rejection, the taxpayer requests such an administrative review in the manner provided by the Secretary. Treasury Regulation §301.7122-1(f)(5).

8.23.1.1.2
(08-23-2021)
Authority

- (1) Authorities that are related to the offer program are:
 - IRC § 7122 – Compromises, granting broad authority to compromise tax liabilities to the Secretary of the Treasury
 - IRC § 6331(k)(1) - no levy while certain offers are pending or in effect
 - 26 CFR §301.7122-1, authorizing the Commissioner of Internal Revenue to compromise a liability on any one of three grounds: Doubt as to Collectibility (DATC), Doubt as to Liability (DATL), or to promote Effective Tax Administration (ETA)
 - *Policy Statement P-5-89*, Offer may be rejected for public policy reasons
 - *Policy Statement P-5-97*, Stay of collection - offer in compromise cases
 - *Policy Statement P-5-100*, Offers will be accepted
 - 26 CFR §300.3 – Offer to compromise fee
 - *Rev. Proc. 2003-71*, 2003-2 CB 517, defines the procedures applicable to the submission and processing of offers to compromise tax liabilities.
 - *Notice 2006-68*, 2006-2 CB 105, provides additional guidance regarding offers submitted on or after July 16, 2006.
 - Tax Increase Prevention and Reconciliation Act of 2005 (TIPRA)
 - IRM 1.2.2.6.1, Delegation Order 5-1 (Rev. 5), delegates the Commissioner's authority to accept, reject, return, terminate, or acknowledge withdrawals of offers.

- (2) 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. For additional information about the TBOR, see <https://www.irs.gov/taxpayer-bill-of-rights>.

8.23.1.1.3
(08-23-2021)
Responsibilities

- (1) The Director, Case and Operations Support (COS) is the executive responsible for designing, developing, delivering and monitoring short and long-range tax administration policies, programs, strategies and objectives for the Appeals organization.
- (2) The COS Director and Appeals Policy are responsible for (i) providing technical and procedural guidance to Appeals employees; and (ii) establishing and maintaining policies and standard procedures for Appeals work streams.
- (3) Appeals Policy is comprised of two teams of analysts: 1) Collection Appeals & Processing Policy, and 2) Examination Appeals Policy. The analyst(s) responsible for the Offer in Compromise program report to the manager for Collection Appeals Policy.

8.23.1.2
(08-23-2021)
General

- (1) Per IRC 7122(f), an OIC shall be deemed accepted “if such offer is not rejected by the Secretary before the date which is 24 months after the date of the submission of such offer.”

Note: Per *Notice 2006-68*, the date of submission of an offer for purposes of IRC 7122(f) is the date on which the offer is received by the Service. The post-mark date is irrelevant in determining when an offer is submitted.

- (2) Per *Notice 2006-68*, an offer will not be deemed accepted under section 7122(f) if the offer is rejected, returned, voluntarily withdrawn or otherwise treated as withdrawn under IRC § 7122(c)(1)(B)(ii) within the 24-month period. Thus, if a case is reopened for any reason, including IRS error, after one of these events occurred (rejection, return, withdrawal), the IRS will have already acted on the offer within the 24 months, and the offer will not be deemed accepted if the IRS takes more than 24 months to resolve the reopened case.
- (3) Appeals has jurisdiction to make decisions on OIC cases in the following circumstances:
 - a. Offers appealed after being rejected by Collection or Examination.

Note: Appeals jurisdiction of offers appealed after being rejected by Collection or Examination includes those offers that are submitted during the remand of a Collection Due Process hearing (CDP). In this situation, Collection or Examination has jurisdiction of the offer submitted in the remand of the CDP hearing and Appeals would have jurisdiction of the offer if that offer were rejected and appealed within the statutory timeframe. See IRM 5.8.7.7.5.
 - b. Offers submitted as an alternative to the proposed collection action in a CDP or equivalent hearing (EH) case.
- (4) Appeals will not accept jurisdiction over an OIC if the IRS does not have the authority to determine the type of tax that is being compromised, e.g. Alcohol, Tobacco and Firearm (ATF) taxes.

- (5) Appeals has no authority to compromise a liability after referral of that tax year to the Department of Justice (DOJ). A transaction code (TC) 550 with definer code "04" indicates that a judgment was obtained. Also, a TC 520 with a Closing Code (cc) 70, 71, 73, 75, 80 or 82 may indicate that litigation is pending (see IRM 25.3.6-1 and IRM 5.8.1, Offer in Compromise - Overview. Consult with Area Counsel if these codes are present.
- (6) Appeals will not consider an offer that is solely for a tax period or tax year that has not been assessed unless the Integrated Data Retrieval System (IDRS) indicates a return was received or an assessment is pending. See IRM 5.8.1.
- (7) Absent special circumstances, doubt as to liability, or effective tax administration conditions, an OIC will not be accepted if it is believed that the liability can be paid in full within the statutory collection period by lump sum, or by installment payments or a combination of the two methods. See IRM 5.8.1.
- (8) Per *Rev. Proc. 2012-18*, OIC cases are subject to ex parte provisions. The provision found in Section 7 (Offer Terms) of the Form 656 authorizing the Service to contact relevant third parties as needed to assist with the processing of the offer does not impact 'ex parte' communication requirements between Appeals and other IRS functions such as Examination, Collection, and IRS Counsel.
- (9) IRM 5.8 is your primary resource for working OIC cases. However, while following the general OIC procedures found in IRM 5.8, you will exercise independent judgment concerning the disputed valuations and business decisions made by Collection. You will also make independent determinations regarding offers based upon DATL.

8.23.1.3
(08-23-2021)
**Suspension of Levy
While Offer is Pending**

- (1) IRC 6331(k) provides that no levy may be made on the property or rights to property of the taxpayer who submitted the offer
 - during the period that the offer is pending,
 - for an additional 30 days after the offer is rejected, and
 - during the time any appeal of the rejection is pending.
- Note:** Although such circumstances will be uncommon, a continuous wage levy that attaches *prior* to the submission of an OIC may remain in place during the consideration of the OIC. See IRM 5.8.1.10.
- (2) IRC 6331(k) does not bar the IRS from levying on the property or rights to property of a person who owes joint tax liabilities but is not a party to a filed OIC and the funds from the levy may be applied to the taxpayer's joint liability.
- Example:** John and Jane Doe owe for joint income tax and have Notices of Federal Tax Liens filed for these joint liabilities. Only John submits an OIC for the joint income tax liability. The property and rights to property of Jane, encumbered by the federal tax lien, are subject to levy for the subject income tax liability.
- (3) The statutory period to collect the tax is suspended for the period during which levy is prohibited. See IRC 6331(i)(5), IRC 6331(k)(3)(B), and Treasury Regulation 301.7122-1(i)(1).

Note: ATEs considering cases involving older liabilities with multiple prior OICs must be aware of the proper CSED. IRM 5.8.10, Offer in Compromise -

Special Case Processing, and IRM 8.21.5, Appeals Statute Responsibility - Collection Statutes, contain detailed information on CSED issues involving OICs.

- (4) Treasury Regulation 301.7122-1(d)(2) states that an offer becomes pending once it is accepted for processing. This is the date the Service official signs the Form 656, *Offer in Compromise* and inputs Transaction Code (TC) 480.

Note: The date an offer becomes pending (TC 480 date) is usually **not** the same as the offer submission date under TIPRA. Be aware of this important difference when determining the statute date under IRC 7122(f). See IRM 8.23.1.1(4) for information on how to determine the TIPRA statute date.

- (5) IRC 7122(e) states there must be an independent administrative review of any rejection of an OIC before such rejection is communicated to the taxpayer, and Treasury Regulation 301.7122-1(f)(1) provides that an offer in compromise has not been rejected until IRS issues a written notice to the taxpayer or his representative advising of:

- The rejection,
- The reason(s) for rejection, and
- The right to an appeal.

8.23.1.4
(08-23-2021)
**Conference and
Settlement Practices**

- (1) The Appeals process in an OIC case is not an extension of the Compliance OIC process. The role and mission of Appeals are different from that of Compliance. You must employ Appeals' standard conference and settlement practices for all work streams, including OICs.

- (2) The primary obligations you have in a non-CDP OIC appeal are to:

- Provide the taxpayer with an opportunity for the conference he/she asked for under *IRC 7122(e)(2)*.
- Determine whether Compliance was correct in rejecting the taxpayer's offer by addressing the disputed issues that caused the offer to be rejected.
- Provide a reasonable opportunity for the taxpayer to submit **clarifying** information or other documentation that the taxpayer believes is necessary to properly evaluate the offer and/or make the offer acceptable.

Note: It is not intended that Appeals will ask for additional information thought by Appeals to be necessary for issue development. You will ask the taxpayer for clarifying information if the taxpayer (particularly a pro se taxpayer) is unsure of what to provide to clarify a position that is being advanced by the taxpayer. You will primarily rely on the case development that is in the case file at the time of appeal. Consult IRM 8.23.3, *Offer in Compromise - Evaluation of Offers in Compromise*, for specific details on the review of case files and supplemental information.

- Accept offers improperly rejected by Compliance.
- If an offer cannot be accepted, communicate the reason(s) why and discuss alternatives (such as installment agreements and Currently Not Collectible status, as applicable) that the taxpayer may pursue with Collection.

Caution: Do not refer the taxpayer back to COIC or field offices. Close the offer and refer the taxpayer to Form 9465, Installment Agreement Request, and/or 1-800-829-1040.

- (3) You should not investigate or continue development of an offer that was rejected by Compliance. You should consider those items in dispute at the time of rejection, or which are raised later by the taxpayer. However, as may be necessary following IRM 8.23.1.4 (2), requests for the taxpayer to provide supplemental information to Appeals should clearly indicate:
- precisely what is needed, and when
 - that the information, documentation, unfiled return, payment, etc., is necessary. See IRM 8.23.2.5 , Taxpayer Compliance Issues, and its related subsections for tax compliance matters.
 - that you will make your decision based upon available information if all of the requested items are not received by the due date provided. See IRM 8.23.3.3.1.3 , Request and Review of Supplemental Information - Collection Issue Offers.

- (4) You should document in the case activity record any reason for granting the taxpayer an extension of time to provide information or other documentation.

Note: Ensure that the taxpayer had a full opportunity to present information and/or documentation to Collection to address relevant Reasonable Collection Potential (RCP) issues before the offer was rejected. Refer to IRM 8.23.3.3 , Appeals OIC Evaluation Procedures, for these procedures.

- (5) IRM 8.1.1, Appeals Operating Directives and Guidelines, IRM 8.6.1, Conference and Issue Resolution, and IRM 8.6.4, Reaching Settlement and Securing an Appeals Agreement Form, contain general guidance on conference and settlement practices and other general responsibilities. Your decision to sustain the rejection of a non-CDP offer is not subject to judicial review, therefore, not all of IRMs 8.1.1, 8.6.1 and 8.6.4 relate to OICs. However, some sections that are relevant include:

- a. *Conduct conferences in an open atmosphere that fosters cooperation in the resolution of disputes. Above all, it is of utmost importance to be a good listener.* (See IRM 8.6.1.4 , Communications with the Taxpayer and/or Representative, and IRM 8.6.4.1.4 , Judicial Attitude Towards Settlement.
- b. Consider whether the taxpayer demonstrates a lack of technical knowledge. The Appeals hearing officer will assist the pro se taxpayer to an appropriate extent. Assistance should be consistent with the Appeals role of impartiality. In the absence of an agreement, ensure the taxpayer fully understands their appeal rights.

Note: See IRM 8.23.2.3.1 , Transfer of OIC Cases, for guidance pertaining to in-person conferences.

- (6) Consideration of certain issues, as well as an overall judgment as to the appropriateness of compromise often requires subjective judgments to be made by you. With this in mind, some general factors to consider when evaluating an OIC are:

- The success, or lack thereof, of prior collection efforts against the taxpayer
- The advantage of the taxpayer's future compliance, secured through acceptance of an OIC

Note: Such factors are not stand-alone bases of acceptance of compromise, but should be considered in developing a frame of mind that is open to compromise.

8.23.1.5
(08-23-2021)
**Requirements for
Compromise**

- (1) This IRM section contains the most basic compromise requirement details and that information that is unique to Appeals. Considering an offer, you must be familiar with the revised guidelines in IRM 5.8, which contain numerous post-TIPRA changes. To avoid duplication of procedures, the bulk of the most necessary information in terms of OIC processability, perfecting and payment requirements, is found in IRM 5.8.2, Centralized Offer in Compromise Initial Processing and Processability, and IRM 5.8.3, Centralized Offer in Compromise Transfers, Perfection, and Case Building.

- (2) An offer must be filed on the current revision of Form 656, Offer in Compromise, to be accepted. The Form 656-B instruction booklet provides specific details for completing the offer.

Note: Collection will process an offer even if the Form 656 does not list all outstanding tax debts. However, an amended Form 656 listing all known tax debts need not be secured prior to accepting the offer because Section 7 of the Form 656 allows the Service to make pen and ink changes to include any assessed liabilities on the form, even after its submission by the taxpayer. New, related offers, however, may need to be secured later. See IRM 8.23.3.4 Amended Offers.

- (3) A Form 656-L, Offer in Compromise (Doubt as to Liability), is used for an offer based upon doubt as to liability. A DATL offer must be submitted using the most current revision of Form 656-L. There is no provision on the Form 656 or Form 656-B for DATL offers. No TIPRA payment(s) are required for DATL offers.
- (4) Each separate tax period and type of tax must be listed on the Form 656. If an offer involving a Trust Fund Recovery Penalty (TFRP) assessment is accepted, the case file must include information identifying the Business Master File (BMF) periods comprising the TFRP assessment(s). A TFRP assessed prior to August of 2000 reflects only the last quarterly period that was the subject of the TFRP. Verification on IDRS is required to determine how the assessment was made. See also IRM 8.23.3.4 concerning amended offers and the periods to be listed on the amended Form 656.
- (5) IRC 7122(b) requires an opinion from Chief Counsel on all offers recommended for acceptance in which the unpaid liability (including tax, penalties and interest) is \$50,000 or more. Counsel's review of a proposed acceptance has two separate and distinct components:
 - a. Certification that the legal requirements for compromise were met.
 - b. Review of the proposed compromise for consistent application of the Service's acceptance policies.

8.23.1.5.1
(08-23-2021)

**Application Fees, Offer
Terms, Payments and
Deposits**

- (6) Further details concerning Counsel's review and statutorily required opinion are in IRM 8.23.4.3.2, Counsel Review of Acceptance Recommendations..

- (1) OIC submissions must include the applicable user fee and an additional partial payment under TIPRA.

Note: The application fee does not apply to offers in settlement under the jurisdiction of the DOJ, offers submitted for DATL, or offers made by taxpayers meeting Low-Income Certification criteria.

- (2) Generally, the application fee will be applied to the liability and will not be credited toward the amount of the offer.

Exception: Per 26 CFR §300.3, the application fee will be applied against the amount of the offer, unless the taxpayer requests that it be refunded, if the offer is accepted:

1. to promote effective tax administration pursuant to § 301.7122-1(b)(3) of this chapter, or
2. based on doubt as to collectibility and a determination that collection of an amount greater than the amount offered would create economic hardship within the meaning of 26 CFR § 301.6343-1 of this chapter.

- (3) Offer applications must be received on the Form 656 with the most current revision date. See <https://www.irs.gov/payments/offer-in-compromise> for the current Form 656. The updated Form 656 includes low-income certification guidelines and instructions, which may waive the application fee.

- (4) The offer terms and associated initial partial payment requirements are:

- a. **Payment Option 1 - Lump Sum Cash Offer:** Payable in five or fewer installments beginning on or after notice of acceptance. The Form 656 must be accompanied by payment of 20% of the amount of the proposed offer, unless Low Income Certification Guidelines are met.
- b. **Payment Option 2 - Periodic Payment Offer:** Payable in more than five installments, beginning with the date the offer is received by the Service. The Form 656 must be accompanied by the first proposed installment payment unless Low Income Certification Guidelines are met. Additional installments must be paid in accordance with the taxpayer's proposed terms while the offer is being considered. See Section 4 of Form 656.

- (5) If an amended Periodic Payment Offer is secured, the 24-month period during which the taxpayer must pay the Periodic Payment Offer begins the date the amended offer is accepted. The taxpayer is still required to make the proposed periodic payments while the amended offer is being considered, but the 24-month period to make such payments doesn't begin until the date the offer is accepted. See IRM 5.8.8.

Example: As a collection alternative in a CDP case, on May 15, 2019, Appeals received a Periodic Payment OIC based upon doubt as to collectibility. The taxpayer made the required monthly periodic payments, and on January 18, 2020, submitted an amended Periodic Payment Offer. The amended offer was accepted February 15, 2020. The amended offer is payable in six or more installments before February 15, 2022.

- (6) The 24-month time period during which the taxpayer must pay the Periodic Payment Offer also begins the date such offer is accepted if the taxpayer qualifies for the waiver under Section 1 of the Form 656, or if Appeals accepts the original Periodic Payment Offer that was rejected by Collection, without amendments.
- (7) If the offer is accepted and the taxpayer qualified for the waiver under Section 1 of the Form 656, the taxpayer must begin making periodic payments in accordance with the terms of the accepted offer after Appeals issues the written notice of acceptance.
- (8) The TIPRA requirement for a taxpayer to make proposed periodic installment payments while a periodic payment offer is being considered ends when Collection rejects the offer. Taxpayers are not required to continue making periodic installment payments while a rejected offer is being considered by Appeals **unless** Appeals secures an amended offer. See IRM 8.23.3.4 , Amended Offers, for additional guidance on amended offers secured by Appeals.
- (9) IRC 7122 provides that the Secretary may issue regulations waiving any partial payments required with the submission of the offer. The only available waivers per *Notice 2006-68* are for offers based upon doubt as to liability and offers received from low-income taxpayers. Such taxpayers are not required to pay the OIC processing fee, initial payment, or periodic installment payments.
- (10) The IRS OIC Monthly Low Income Guidelines found in Section 1 of Form 656 are adjusted on an annual basis, so an increased number of taxpayers will likely be exempt from the user fee and TIPRA payment requirements. A taxpayer seeking a low-income exemption must complete Section 1 of the Form 656 when submitting the offer. The low-income exemption applies only to individuals and sole-proprietors.
- (11) If an individual taxpayer is granted a low-income exemption, the taxpayer is exempted from payment of the application fee as well as the 20% TIPRA payment, and any proposed periodic monthly payments, unless the offer is formally accepted. Once formally accepted, the taxpayer will be responsible for payment, subject to the terms on the accepted offer. However, no application fee or 20% TIPRA payment will ever be required of the taxpayer, even if the offer is accepted.
- (12) The IRS no longer requires that installment agreements in effect prior to receipt of an OIC remain in effect while an offer is being considered.
- (13) IRM 5.8.1, Offer in Compromise - Overview, and IRM 5.8.4 , Offer in Compromise - Investigation, contain detailed information concerning OIC payment terms, processability issues and initial payment requirements for offers. See also IRM 8.23.3.1.1.1 , Processability Criteria and General Changes Resulting from TIPRA.

8.23.1.5.1.1
(08-23-2021)
**Processing OIC
Payments**

- (1) You may process all “pre-acceptance” TIPRA payments using a Form 3244, Payment Posting Voucher, **except** for the payment that is due with the original Form 656. The user fee and initial payment are part of the overall processability determination so they must be forwarded to the appropriate Centralized Offer in Compromise (COIC) site. Subsequent periodic installment payments made prior to acceptance of the offer may be processed by you as follows:

- a. For tax debts other than employment or excise taxes, apply designated payments per the written designation using Designated Payment Code (DPC) 35.
- b. For tax debts other than employment or excise taxes, apply undesignated payments to the liability with the earliest CSED using DPC 35.
- c. For tax debts other than employment or excise taxes, apply designated payments received with an amended Form 656 per the written designation using DPC 34.
- d. For tax debts other than employment or excise taxes, apply undesignated payments received with an amended Form 656 to the liability with the earliest CSED using DPC 34.
- e. For employment or excise tax (trust fund) debts, apply payments designated to trust fund taxes per the written designation using DPC 02.
- f. For employment or excise tax debts, apply undesignated payments to all unpaid Forms 1120 and 940 liabilities, and then to other non-trust fund liabilities beginning with the liability with the earliest CSED using DPC 35.

Note: This is different than the standard TFRP payment application procedures outlined in IRM 5.7.4.3, Calculating the TFRP, because offer payments are applied in the best interest of the government, unless otherwise designated.

- g. Apply payments designated to trust fund taxes that are received with an amended Form 656 per the written designation using DPC 02.
 - h. Apply undesignated payments for employment or excise tax debts that are received with an amended Form 656, to all unpaid non-trust fund liabilities beginning with the liability with the earliest CSED using DPC 34.
- (2) Per IRC 7122(c)(2)(A) and *Notice 2006-68*, taxpayers are entitled to designate all payments required under TIPRA while the offer is under consideration. The designation must be made in writing at the time the payment is made. Absent a written designation, the payments will be applied in the best interest of the government. Once the taxpayer designates application of a payment, it cannot be changed at a later date.

Note: The OIC user fee cannot be designated and will be applied to the taxpayer's liability in the best interest of the government.

- (3) Once the offer is accepted, the taxpayer no longer has the right to designate subsequent offer payments. All post-acceptance payments should be processed by the Monitoring Offer in Compromise (MOIC) unit.
- (4) Payments received for offers that have been accepted should be sent to the payment address that is shown on the taxpayer's offer acceptance letter. If the address is not known or cannot be readily identified, the payment may be routed to the most convenient remittance drop point in Appeals. See IRM 5.19.7.8 for more information about applying payments on accepted OICs.

