



Department of the Treasury
Internal Revenue Service

www.irs.gov

Form 656 (Rev. 5-2001)
Catalog Number 16728N

Form 656

Offer in Compromise

IRS RECEIVED DATE

Item 1 — Taxpayer's Name and Home or Business Address

Name

Name

Street Address

City

State

ZIP Code

Mailing Address (if different from above)

Street Address

City

State

ZIP Code

DATE RETURNED

Item 2 — Social Security Numbers

(a) Primary

(b) Secondary

Item 3 — Employer Identification Number (included in offer)

Item 4 — Other Employer Identification Numbers (not included in offer)

Item 5 — To: Commissioner of Internal Revenue Service

I/We (includes all types of taxpayers) submit this offer to compromise the tax liabilities plus any interest, penalties, additions to tax, and additional amounts required by law (tax liability) for the tax type and period marked below: (Please mark an "X" in the box for the correct description and fill-in the correct tax period(s), adding additional periods if needed).

☐ **1040/1120 Income Tax** — Year(s)

☐ **941 Employer's Quarterly Federal Tax Return** — Quarterly period(s)

☐ **940 Employer's Annual Federal Unemployment (FUTA) Tax Return** — Year(s)

☐ **Trust Fund Recovery Penalty** as a responsible person of (enter corporation name)

for failure to pay withholding and Federal Insurance Contributions Act Taxes (Social Security taxes), for period(s) ending

☐ **Other Federal Tax(es)** [specify type(s) and period(s)]

Note: If you need more space, use another sheet titled "Attachment to Form 656 Dated _____." Sign and date the attachment following the listing of the tax periods.

Item 6 — I/We submit this offer for the reason(s) checked below:

- ☐ **Doubt as to Liability** — "I do not believe I owe this amount." You must include a detailed explanation of the reason(s) why you believe you do not owe the tax in Item 9.
- ☐ **Doubt as to Collectibility** — "I have insufficient assets and income to pay the full amount." You must include a complete Collection Information Statement, Form 433-A and/or Form 433-B.
- ☐ **Effective Tax Administration** — "I owe this amount and have sufficient assets to pay the full amount, but due to my exceptional circumstances, requiring full payment would cause an economic hardship or would be unfair and inequitable." You must include a complete Collection Information Statement, Form 433-A and/or Form 433B and complete Item 9.

Item 7

I/We offer to pay \$ (must be more than zero). Complete item 10 to explain where you will obtain the funds to make this offer.

Check one of the following:

☐ **Cash Offer (Offered amount will be paid in 90 days or less.)**

Balance to be paid in: ☐ 10; ☐ 30; ☐ 60; or ☐ 90 days from written notice of acceptance of the offer.

☐ **Short-Term Deferred Payment Offer (Offered amount will be paid in MORE than 90 days but within 24 months from written notice of acceptance of the offer.)**

\$ within days (not more than 90 — See Instructions Section, **Determine Your Payment Terms**) from written notice of acceptance of the offer; and

beginning in the month after written notice of acceptance of the offer, \$ on the day of each month for a total of months. (Cannot extend more than 24 months from written notice of acceptance of the offer.)

☐ **Deferred Payment Offer (Offered amount will be paid over the life of the collection statute.)**

\$ within days (not more than 90 — See Instructions Section, **Determine Your Payment Terms**) from written notice of acceptance of the offer; and

beginning in the first month after written notice of acceptance of the offer, \$ on the day of each month for a total of months.

NOTE: Signature(s) of taxpayer required on last page of Form 656

Item 8 — By submitting this offer, I/we understand and agree to the following conditions:

- (a) I/We voluntarily submit all payments made on this offer.
- (b) The IRS will apply payments made under the terms of this offer in the best interest of the government.
- (c) If the IRS rejects or returns the offer or I/we withdraw the offer, the IRS will return any amount paid with the offer. If I/we agree in writing, IRS will apply the amount paid with the offer to the amount owed. If I/we agree to apply the payment, the date the IRS received the offer remittance will be considered the date of payment. I/We understand that the IRS will not pay interest on any amount I/we submit with the offer.
- (d) **I/We will comply with all provisions of the Internal Revenue Code relating to filing my/our returns and paying my/our required taxes for 5 years or until the offered amount is paid in full, whichever is longer. In the case of a jointly submitted offer to compromise joint tax liabilities, I/we understand that default with respect to the compliance provisions described in this paragraph by one party to this agreement will not result in the default of the entire agreement. The default provisions described in Item 8(n) of this agreement will be applied only to the party failing to comply with the requirements of this paragraph. This provision does not apply to offers based on Doubt as to Liability.**
- (e) I/We waive and agree to the suspension of any statutory periods of limitation (time limits provided for by law) for the IRS assessment of the tax liability for the periods identified in Item 5. I/We understand that I/we have the right not to waive these statutory periods or to limit the waiver to a certain length or to certain issues. I/We understand, however, that the IRS may not consider this offer if I/we refuse to waive the statutory periods for assessment or if we provide only a limited waiver. The amount of any Federal tax due for the periods described in Item 5 may be assessed at any time prior to the acceptance of this offer or within one year of the rejection of this offer.
- (f) The IRS will keep all payments and credits made, received or applied to the total original tax liability before submission of this offer. The IRS may keep any proceeds from a levy served prior to submission of the offer, but not received at the time the offer is submitted. If I/we have an installment agreement prior to submitting the offer, I/we must continue to make the payments as agreed while this offer is pending. Installment agreement payments will not be applied against the amount offered.
- (g) **As additional consideration beyond the amount of my/our offer, the IRS will keep any refund, including interest, due to me/us because of overpayment of any tax or other liability, for tax periods extending through the calendar year that the IRS accepts the offer. I/We may not designate an overpayment ordinarily subject to refund, to which the IRS is entitled, to be applied to estimated tax payments for the following year. This condition does not apply if the offer is based on Doubt as to Liability.**
- (h) I/We will return to the IRS any refund identified in (g) received after submission of this offer. This condition does not apply to offers based on Doubt as to Liability.
- (i) The IRS cannot collect more than the full amount of the tax liability under this offer.
- (j) I/We understand that I/we remain responsible for the full amount of the tax liability, unless and until the IRS accepts the offer in writing and I/we have met all the terms and conditions of the offer. The IRS will not remove the original amount of the tax liability from its records until I/we have met all the terms of the offer.

(k) I/We understand that the tax I/we offer to compromise is and will remain a tax liability until I/we meet all the terms and conditions of this offer. If I/we file bankruptcy before the terms and conditions of this offer are completed, any claim the IRS files in the bankruptcy proceedings will be a tax claim.

(l) Once the IRS accepts the offer in writing, I/we have no right to contest, in court or otherwise, the amount of the tax liability.

(m) The offer is pending starting with the date an authorized IRS official signs this form. The offer remains pending until an authorized IRS official accepts, rejects, returns or acknowledges withdrawal of the offer in writing. If I/we appeal an IRS rejection decision on the offer, the IRS will continue to treat the offer as pending until the Appeals Office accepts or rejects the offer in writing. If I/we don't file a protest within 30 days of the date the IRS notifies me/us of the right to protest the decision, I/we waive the right to a hearing before the Appeals Office about the offer in compromise.

(n) If I/We fail to meet any of the terms and conditions of the offer and the offer defaults, then the IRS may:

- immediately file suit to collect the entire unpaid balance of the offer

- immediately file suit to collect an amount equal to the original amount of the tax liability as liquidating damages, minus any payment already received under the terms of this offer
- disregard the amount of the offer and apply all amounts already paid under the offer against the original amount of the tax liability
- file suit or levy to collect the original amount of the tax liability, without further notice of any kind.

The IRS will continue to add interest, as Section 6601 of the Internal Revenue Code requires, on the amount the IRS determines is due after default. The IRS will add interest from the date the offer is defaulted until I/we completely satisfy the amount owed.

(o) The IRS generally files a Notice of Federal Tax Lien to protect the Government's interest on deferred payment offers. This tax lien will be released when the payment terms of the offer agreement have been satisfied.

(p) I/We understand that the IRS employees may contact third parties in order to respond to this request and I authorize the IRS to make such contacts. Further, by authorizing the Internal Revenue Service to contact third parties, I understand that I will not receive notice, pursuant to section 7602(c) of the Internal Revenue Code, of third parties contacted in connection with this request.

Item 9 — Explanation of Circumstances

I am requesting an offer in compromise for the reason(s) listed below:

Note: If you are requesting compromise based on doubt as to liability, explain why you don't believe you owe the tax.
If you believe you have special circumstances affecting your ability to fully pay the amount due, explain your situation.
You may attach additional sheets if necessary.

This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and extend across the width of the page. There are no margins, text, or other markings on the paper.

Item 10 — Source of Funds

I/we shall obtain the funds to make this offer from the following source(s):

Item 11

If I/we submit this offer on a substitute form, I/we affirm that this form is a verbatim duplicate of the official Form 656, and I/we agree to be bound by all the terms and conditions set forth in the official Form 656.

Under penalties of perjury, I declare that I have examined this offer, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete.

11(a) Signature of Taxpayer

Date _____

11(b) Signature of Taxpayer

Date _____

For Official Use Only

I accept the waiver of the statutory period of limitations for the Internal Revenue Service.

Signature of Authorized Internal Revenue Service Official

Title

Date _____