

# Offer in Compromise (OIC) Application Fee Worksheet

Keep this worksheet for your records.  
Do not send to IRS.

**If your OIC is based solely on Doubt as to Liability, do not submit the fee.**

If you answered YES to any of the questions on page 3, **then do not proceed any further.** You are not eligible to have your offer considered at this time.

If you answered NO to all of the questions on page 3, then you may be eligible to have your offer considered and you may proceed completing the worksheet. However, it is important that you use the current version Form 656, *Offer in Compromise*, and Forms 433-A, *Collection Information Statement for Wage Earners and Self-Employed Individuals*, and/or 433-B, *Collection Information Statement for Businesses* that are included in this package.

The application fee does not apply to individuals whose income falls at or below levels based on poverty guidelines established by the U.S. Department of Health and Human Services (HHS) under authority of section 673(2) of the Omnibus Reconciliation Act of 1981 (95 Stat. 357, 511). The exception for taxpayers with incomes below these levels only applies to individuals; it does not apply to other entities such as corporations or partnerships.

**If you are an individual, follow the steps below to determine if you must remit the application fee along with your Form 656, Offer in Compromise.**

1. **Family Unit Size** \_\_\_\_\_. Enter the total number of dependents (including yourself and your spouse) listed in Section 1 of Form 433-A, *Collection Information Statement for Wage Earners and Self-Employed Individuals*.
2. **Total Monthly Income** \_\_\_\_\_. Enter the amount of your total monthly income from Section 9, Line 34 of the Form 433-A, *Collection Information Statement for Wage Earners and Self-Employed Individuals*.
3. Compare the information you entered in items 1 and 2, above, to the monthly Application Fee Income Exception Levels table below. Find the "Family Unit Size" equal to the number you entered in item 1. Next, find the column which represents where you reside (48 Contiguous States, DC ..., Hawaii or Alaska). Compare the "Total Income" you entered in item 2 to the number in the row and column that corresponds to your family unit size and residence. *For example, if you reside in one of the 48 contiguous states, and your family unit size from item 1 above is 4, and your total monthly income from item 2 above is \$1500, then you are exempt from the fee because your income is less than the \$1,667 guideline amount.*

**2003-2005 Application Fee Income Exception Levels**

Family Unit Size	48 Contiguous States, DC, US Possessions, Residents of Foreign Countries	Hawaii	Alaska
1	\$833	\$917	\$1,000
2	\$1,083	\$1,250	\$1,333
3	\$1,333	\$1,583	\$1,667
4	\$1,667	\$1,833	\$2,000
5	\$1,917	\$2,167	\$2,333
6	\$2,167	\$2,500	\$2,667
7	\$2,417	\$2,833	\$3,000
8	\$2,667	\$3,083	\$3,333
For each additional person, add	\$333	\$333	\$417

**SOURCE:** Based on 2002 HHS Poverty Guidelines, Federal Register, Vol. 67, No. 31, February 14, 2002, pp. 6931-6933, increased to account for 5% inflation through 2005, rounded up to the nearest \$1,000.

4. If the total income you entered in item 2 is **more** than the amount shown for your family unit size and residence in the monthly Application Fee Income Exception Levels table above, **you must send the \$150 application fee with each OIC you submit.**

Your check or money order should be made payable to the "United States Treasury" and attached to the front of your Form 656, *Offer in Compromise*. **Do not send cash.** Send a separate application fee with each OIC; do not combine it with any other tax payments as this may delay processing of your OIC. Your OIC will be returned to you without further consideration if the application fee is not properly remitted, or if your check is returned for insufficient funds.

5. If the total income you entered in item 2 is **equal to or less than** the amount shown for your family unit size and residence in the table above, do not send the application fee. Sign and date Form 656-A, *Income Certification for Offer in Compromise Application Fee*. **Attach the certification and this worksheet to the front of your Form 656.**

**Income Certification for  
Offer in Compromise Application Fee**  
(For Individual Taxpayer Only)

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**If you are not required to submit the fee based on your income level, you must complete this form and attach both it and the worksheet to the front of your Form 656.**

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Your name *(Please print)*

Social security number (SSN) **or**  
Taxpayer identification number (TIN)

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Spouse's name *(Please print)*

Social security number (SSN) **or**  
Taxpayer identification number (TIN)

**Signature Certification**

I certify under penalty of perjury that I am not required to submit an offer in compromise application fee based on my family unit size and income.

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Your signature

Date

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Spouse's signature *(if submitting a joint offer)*

Date

**NOTE: If the Internal Revenue Service determines that you were required to pay a fee,  
your offer in compromise will be returned without further consideration.**

