

Form **656-L**
(January 2016)

Department of the Treasury - Internal Revenue Service

Offer in Compromise (*Doubt as to Liability*)OMB Number
1545-1686**► To: Commissioner of Internal Revenue Service**

In the following agreement, the pronoun "we" may be assumed in place of "I" when there are joint liabilities and both parties are signing this agreement.

I submit this offer to compromise the tax liabilities plus any interest, penalties, additions to tax, and additional amounts required by law for the tax type and period(s) marked below:

Section 1 Individual Information (Form 1040 filers)		IRS Received Date
Your First Name, Middle Initial, Last Name	Social Security Number (SSN) - -	
If a Joint Offer, Spouse's First Name, Middle Initial, Last Name	Social Security Number (SSN) - -	
Your Physical Home Address (Street, City, State, ZIP Code)		
Mailing Address (if different from above or Post Office Box number)		
Employer Identification Number (For self-employed individuals only) -		

Individual Tax Periods

- ☐ **1040** U.S. Individual Income Tax Return [List all year(s); for example 1040 2009, 1040 2010, etc.]
- ☐ **941** Employer's Quarterly Federal Tax Return [List all quarterly period(s); for example 03/31/2009, 06/30/2010, 09/30/2010, etc.]
- ☐ **940** Employer's Annual Federal Unemployment (FUTA) Tax Return [List all year(s); for example 2010, 2011, etc.]
- ☐ **Trust Fund Recovery Penalty** as a responsible person of (enter business name) _____, for failure to pay withholding and Federal Insurance Contributions Act taxes (Social Security taxes), for period(s) ending [List all quarterly period(s); for example 03/31/2009, 06/30/2009, etc.]
- ☐ **Other Federal Tax(es)** [specify type(s) and period(s)]

Section 2 Business Information (Form 1120, 1065, etc., filers)

Business Name

Business Address (Street, City, State, ZIP Code)

Employer Identification Number (EIN) -	Name and Title of Primary Contact	Telephone Number () -
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Business Tax Periods

- ☐ **1120** U.S. Corporate Income Tax Return [List all year(s); for example 1120 2010, 1120 2013, etc.]
- ☐ **941** Employer's Quarterly Federal Tax Return [List all quarterly period(s); for example 03/31/2009, 06/30/2010, 09/30/2010, etc.]
- ☐ **940** Employer's Annual Federal Unemployment (FUTA) Tax Return [List all year(s); for example 2010, 2011, etc.]
- ☐ **Other Federal Tax(es)** [specify type(s) and period(s)]

Note: If you need more space, use a separate sheet of paper and title it "Attachment to Form 656-L Dated _____." Sign and date the attachment following the listing of the tax periods.

Section 3**Amount of the Offer**

I offer to pay \$ _____

Must be \$1 or more and payable within 90 days of the notification of acceptance, unless an alternative payment term is approved at the time the offer is accepted. **Do not send any payment with this form.**

Section 4**Terms**

In the following agreement, the pronoun "we" may be assumed in place of "I" when there are joint liabilities and both parties are signing this Agreement.

By submitting this offer, I have read, understand and agree to the following terms and conditions:

Terms, Conditions, and Legal Agreement

a) The IRS will apply payments made under the terms of this offer in the best interest of the government.

b) If the IRS rejects or returns the offer or I withdraw the offer, the IRS will return any amount paid with the offer. I understand the IRS will not pay interest on any amount I send with the offer. If I agree in writing, the IRS will apply the amount paid with the offer to the amount owed. If I agree to apply the payment, the date the IRS received the offer remittance will be considered the date of payment.

IRS will keep my payments and fees

c) I voluntarily submit all payments made on this offer.

d) The IRS will keep all payments and credits made, received, or applied to the total original tax debt before I send in the offer or while it is under consideration, including any refunds from tax returns and/or credits from tax years prior to the year in which the offer was accepted.

e) The IRS may levy under section 6331(a) up to the time that the IRS official signs and acknowledges my offer as pending, which is accepted for processing, and the IRS may keep any proceeds arising from such a levy.

f) If the Doubt as to Liability offer determines that I do not owe the taxes, or the IRS ultimately over-collected the compromised tax liability, the IRS will return the over-collected amount to me, unless such refund is legally prohibited by statute.

g) If the IRS served a continuous levy on wages, salary, or certain federal payments under sections 6331(e) or (h), then the IRS could choose to either retain or release the levy. No levy may be made during the time an offer in compromise is pending.

I agree to the time extensions allowed by law

h) To have my offer considered, I agree to the extension of time limit provided by law to assess my tax debt (statutory period of assessment). I agree that the date by which the IRS must assess my tax debt will now be the date by which my debt must currently be assessed plus the period of time my offer is pending plus one additional year if the IRS rejects, returns, or terminates my offer or I withdraw it. [Paragraph (m) of this section defines pending and withdrawal]. I understand I have the right not to waive the statutory period of assessment or to limit the waiver to a certain length or certain periods or issues. I understand, however, the IRS may not consider my offer if I decline to waive the statutory period of assessment or if I provide only a limited waiver. I also understand the statutory period for collecting my tax debt will be suspended during the time my offer is pending with the IRS, for 30 days after any rejection of my offer by the IRS, and during the time any rejection of my offer is being considered by the Appeals Office.

I understand I remain responsible for the full amount of the tax liability

i) The IRS cannot collect more than the full amount of the tax debt under this offer.

j) I understand I remain responsible for the full amount of the tax debt, unless and until the IRS accepts the offer in writing and I have met all the terms and conditions of the offer. The IRS will not remove the original amount of the tax debt from its records until I have met all the terms of the offer.

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

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

Pending status of an offer and right to appeal

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 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 an offer is rejected, no levy may be made during the 30 days of rejection. If I do not file a protest within 30 days of the date the IRS notifies me of the right to protest the decision, I waive the right to a hearing before the Appeals Office about the offer.

I understand if IRS fails to make a decision in 24-months my offer will be accepted

n) I understand under Internal Revenue Code (IRC) § 7122(f), my offer will be accepted, by law, unless IRS notifies me otherwise, in writing, within 24 months of the date my offer was initially received.

I understand what will happen if I fail to meet the terms of my offer (e.g. default)

o) If I fail to meet any of the terms of this offer, the IRS may levy or sue me to collect any amount ranging from the unpaid balance of the offer to the original amount of the tax debt (less payments made) plus penalties and interest that have accrued from the time the underlying tax liability arose. The IRS will continue to add interest, as required by Section § 6601 of the Internal Revenue Code, on the amount of the IRS determines is due after default.

Section 4**Terms (continued)**

I understand the IRS may file a Notice of Federal Tax Lien on my/our property

p) The IRS may file a Notice of Federal Tax Lien to protect the Government's interest during the offer investigation. The tax lien will be released 30 days after the payment terms have been satisfied and the payment has been verified. If the offer is accepted, the tax lien will be released within 30 days of when the payment terms have been satisfied and the payment has been verified. The time it takes to verify the payment varies based on the form of payment.

I authorize the IRS to contact relevant third parties in order to process my/our offer

q) I understand that IRS employees may contact third parties in order to respond to this request, and I authorize the IRS to make such contacts. Further, in connection with this request, by authorizing the IRS to contact third parties, I understand that I will not receive notice of third parties contacted as is otherwise required by IRC § 7602(c).


Section 5**Explanation of Circumstances****THIS SECTION MUST BE COMPLETED.**

Explain why you believe the tax is incorrect.

Note: You may attach additional sheets if necessary. Please include your name and SSN and/or EIN on all additional sheets or supporting documentation.

Section 6**Signature(s)**

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

	Signature of Taxpayer/Corporation Name	Daytime Telephone Number () -	Date (mm/dd/yyyy)
	Signature of Spouse/Authorized Corporate Officer		Date (mm/dd/yyyy)

Section 7**Application Prepared by Someone Other than the Taxpayer**

If this application was prepared by someone other than you (the taxpayer), please fill in that person's name and address below.

Name	
Address (Street, City, State, ZIP Code)	Daytime Telephone Number () -

Section 8**Paid Preparer Use Only****Signature of Preparer**

Name of Preparer	Date (mm/dd/yyyy)	Preparer's CAF no. or PTIN
Firm's Name, Address, and ZIP Code	Daytime Telephone Number () -	

If you would like to have someone represent you during the offer investigation, include a valid, signed Form [2848](#) or [8821](#) with this application or a copy of a previously filed form.

IRS Use Only

I accept the waiver of the statutory period of limitations on assessment for the Internal Revenue Service, as described in Section 5(d).

Signature of Authorized IRS Official

Title

Date (mm/dd/yyyy)

Privacy Act Statement

We ask for the information on this form to carry out the internal revenue laws of the United States. Our authority to request this information is contained in Section 7801 of the Internal Revenue Code.

Our purpose for requesting the information is to determine if it is in the best interests of the IRS to accept an offer. You are not required to make an offer; however, if you choose to do so, you must provide all of the information requested. Failure to provide all of the information may prevent us from processing your request.

If you are a paid preparer and you prepared the Form 656-L for the taxpayer submitting an offer, we request that you complete and sign Section 8 on the Form 656-L, and provide identifying information. Providing this information is voluntary. This information will be used to administer and enforce the internal revenue laws of the United States and may be used to regulate practice before the Internal Revenue Service for those persons subject to Treasury Department Circular No. 230, Regulations Governing the Practice of Attorneys, Certified Public Accountants, Enrolled Agents, Enrolled Actuaries, and Appraisers before the Internal Revenue Service. Information on this form may be disclosed to the Department of Justice for civil and criminal litigation.

We may also disclose this information to cities, states and the District of Columbia for use in administering their tax laws and to combat terrorism. Providing false or fraudulent information on this form may subject you to criminal prosecution and penalties.

APPLICATION CHECKLIST

- ☐ Did you include supporting documentation and an explanation as to why you doubt you owe the tax?
- ☐ Did you complete all fields on the Form 656-L?
- ☐ Did you make an offer amount that is \$1 or more?

Note: The amount of your offer should be based on what you believe the correct amount of the tax debt should be, not what you owe; however, you must offer at least \$1. If you do not want to offer \$1 or more you should pursue the recommended alternative solutions provided under "What alternatives do I have to sending in an Offer in Compromise (Doubt as to Liability)?" found on page 2.

- ☐ If someone other than you completed the Form 656-L, did that person sign it?
- ☐ Did you sign and include the Form 656-L?
- ☐ If you want a third party to represent you during the offer process, did you include a Form 2848 or Form 8821 unless one is already on file?

Note: There is no application fee or deposit required for a Doubt as to Liability offer.

Mail your package to:

Brookhaven Internal Revenue Service
COIC Unit
P.O. Box 9008
Stop 681-D
Holtsville, NY 11742-9008