

Tax Resolution Essentials 120A

# Introduction to Tax Resolution



Course Materials

# **Tax Resolution Essentials**

## **Course Series**

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### **Providing quality education and training materials to professionals by professionals**

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- Professionals Portal
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# **OFFERS & APPEALS**

## **IRS Offers in Compromise & Appeals**

*Presented by*

**Peter Y Stephan, CPA**

*of the*

**Tax Resolution Institute**

Find us on the web at [www.taxresolutioninstitute.org](http://www.taxresolutioninstitute.org)

# Tax Resolution Institute

## Why are we here today?

The Tax Resolution Institute prides itself in assisting accounting and legal professionals resolve their client's tax problems

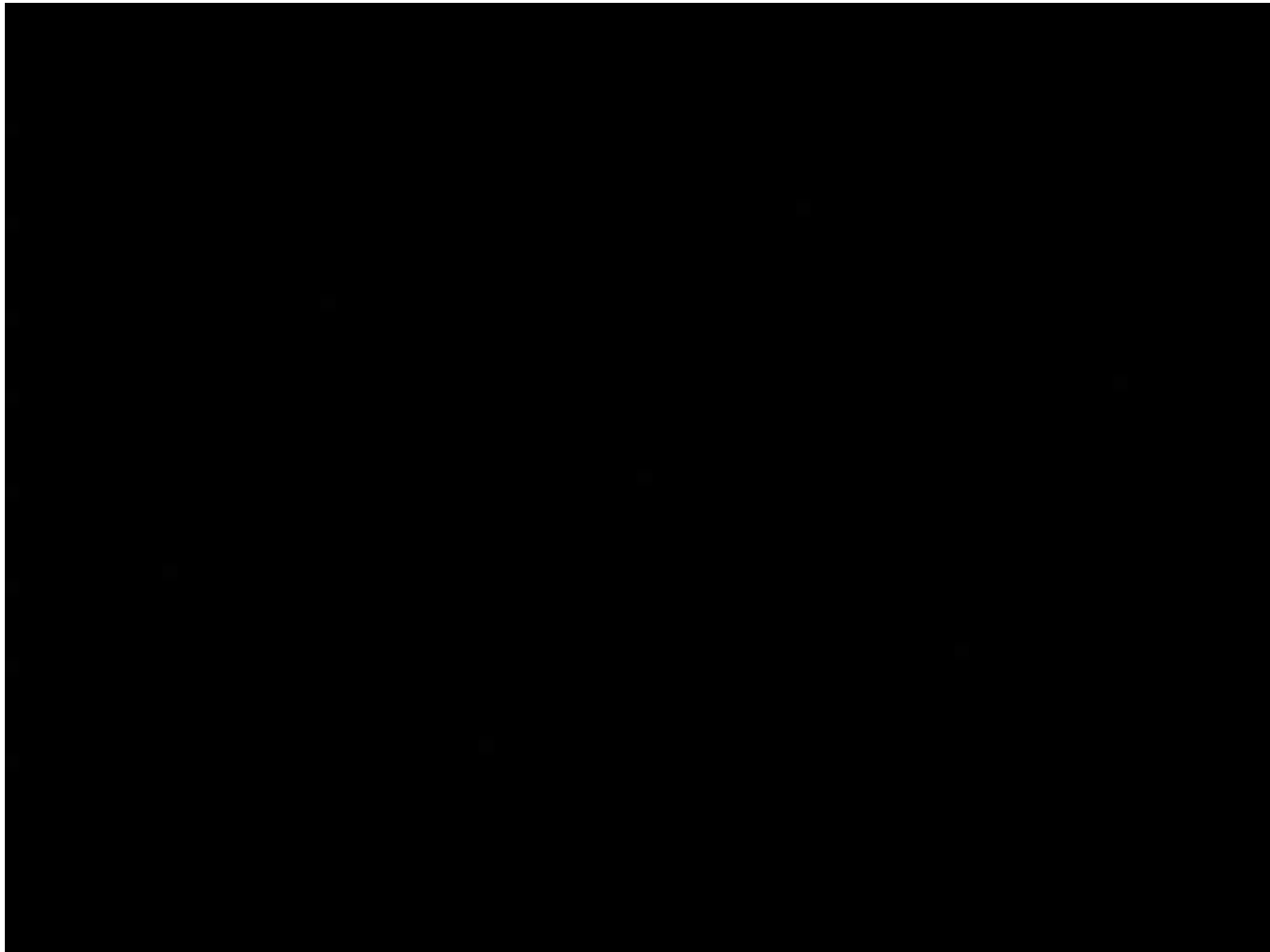
Take advantage of our program

- 1) We help you make more money
- 2) We teach you how to become a tax resolution specialist
- 3) We become your partner working side-by-side to fix your client's IRS and State income, payroll (collection issues) and tax audit issues
- 4) If you are not interested in practicing in this area or have a case beyond your capability, we become your trusted referral source

*And now we cross the river ...*

*visit us on the web at [www.taxresolutioninstitute.org](http://www.taxresolutioninstitute.org)*

# Crossing the River



# **What will be covered today**

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- Offers in Compromise
- Offer in Compromise Appeals
- General Appeal Process

# **Tax Resolution Essentials**

**The following materials and more will be available to webinar attendees at [www.taxresolutioninstitute.org/120a](http://www.taxresolutioninstitute.org/120a) for 10 days without a subscription:**

- **View course materials**
- **Sample Engagement letter**
- **IRS Forms**
- **White Papers**
- **And more...our moderator will take you on a tour**

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## Tax Resolution Essentials 120A – OIC and Appeals

Thank you for visiting our Professional's Portal.

As a participant of **Tax Resolution Essentials 120A** (Introduction to Tax Resolution) you are eligible to download a copy of the course presentation.

**CLICK HERE**

to download the course materials

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While on our site take advantage of other valuable content. We offer CPAs, Enrolled Agents and Attorneys looking to assist their clients the infrastructure they need with outstanding tax matters. Be sure to browse our comprehensive [Knowledge Base](#) to see the types of issues that arise and get the answers you need.

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(these items will be available only to 120A participants from the date of the course and ten days following)

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 Tax Resolution Desktop Manual  
~~\$85.00~~ \$39.00

 Tax Resolution Essentials – 120A (Offers in Compromise and Appeals)  
~~\$449.00~~ \$79.00

 Tax Resolution Essentials 400A - Offers in Compromise (eLearning Course)  
~~\$449.00~~ \$79.00

 Tax Resolution Essentials 410A





## **...meet Peter Stephan**

access your free content at [www.taxresolutioninstitute.org/120a](http://www.taxresolutioninstitute.org/120a)

# Offers in Compromise



# Offers in Compromise Overview

- This course delves into the intricacies of an offer in compromise
- You will learn the finer details that make the difference in having an offer accepted or not
- If you want to learn the basics of submitting including case studies, we recommend you take either our 100A or 200A course

# Story Time

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## Story

- “Al”
- Owes \$4,000,000 to the IRS
- Owes \$400,000 to the State
- 70 years old

## So what happened...

# Story Time

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## Settled for...

- \$5,000 to the IRS
- \$17,000 to the State
- \$10,000 in fees

## Moral

- A good result but should have filed for bankruptcy

## **Polling Question 1**

**Have you ever submitted an offer in compromise that was rejected by the IRS?**

- **Yes**
- **No**
- **I have never submitted an offer**

**Need an IRS Form?**

**Visit the Forms Library FREE  
under the Members section at**

[www.taxresolutioninstitute.org](http://www.taxresolutioninstitute.org)

# **Three types of offers...**

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## **Doubt as to Collectability**

- Taxpayer is unable to pay their tax liability within the remaining collection statute

## **Doubt as to Liability**

- The taxpayer is not responsible for paying the tax liability in question and should not have been assessed in the first place

## **Effective Tax Administration**

- The taxpayer owes the tax, has the ability to pay (i.e. equity in their home) but collecting from the taxpayer would be unjust



# **Doubt as to Collectability**

## **When and how should you submit an offer?**

### ***Things to consider***

- How much does the taxpayer owe (cost vs benefit)?
- How much time is left on the collection statute?
- What events toll the collection statute
- What is the value of the taxpayer's assets
- Did the taxpayer dissipate assets when taxes were owed?

# **Doubt as to Collectability**

## **When and how should you submit an offer?**

### ***Things to consider***

- Compare what a taxpayer would pay in monthly installment payments vs a lump sum offer
- Will the taxpayer be able to remain in compliance for 5 years following acceptance of the offer
- Is the taxpayer's income expected to change significantly during the collection statute?
- Are the taxes more than 3 years old?

# **Doubt as to Collectability**

## **How much does the taxpayer owe?**

- Does the work warrant your fees?
- A properly prepared offer should take no more than 15 hours to complete assuming client is cooperative and offer gets accepted in 1<sup>st</sup> round
- An offer can exceed \$20,000 in fees if in addition there is a State offer, the client is uncooperative or the offer must be appealed

# Doubt as to Collectability

## How much time is left on the collection statute?

- The IRS has 10 years from the date of assessment to actively collect against a taxpayer
- The following events toll (freeze) the statute for collection:
  - Prior submission of an offer in compromise
  - Prior bankruptcy filing
  - CAP/CDP request
  - Living outside the US for an extended period of time

# **Doubt as to Collectability**

## **How much time is left on the collection statute?**

- If a taxpayer does not have substantial equity in real property for which a Federal tax lien can attach, it may make sense to submit a partial-pay installment agreement in lieu of an offer if the remaining life in the statute is short enough
- The collection statute should be considered for other alternatives including filing bankruptcy

# **Doubt as to Collectability**

## **What is the value of the taxpayer's assets?**

- It is imperative to weigh the value of assets as well as to consider the amount the taxpayer will pay in monthly disposable income when considering whether to submit an offer rather than an installment agreement
- If the taxpayer has assets with substantial value, they may be forced to liquidate at least some of their assets to pay for the offer
- The IRS may ignore the value of some assets when negotiating an installment agreement. This is not the case with an offer.

# Doubt as to Collectability

## **Did the taxpayer dissipate assets when taxes were owed?**

- It is important to ask this question to your client.
- In many instances the IRS asserts that the taxpayer dissipated assets
- Some examples of the dissipation of assets include:
  - Taking money from a refinance of real estate
  - Cashing out an investment or retirement account
  - Gifting proceeds when taxes are due
  - Selling assets such as a boat or motorhome and spending the proceeds

# Doubt as to Collectability

## **Compare what a taxpayer would pay in monthly installment payments vs a lump sum offer**

- As part of considering the remaining life of the collection statute, compare how much a taxpayer will pay in aggregate installment payments compared to a lump sum offer
- If a taxpayer has real property with equity, the IRS will remove the lien if the client's offer is accepted
- Be careful when recommending an installment agreement as a lien may remain in effect after the installment agreement is complete.



# Doubt as to Collectability

## **Will the taxpayer be able to remain in compliance for 5 years following acceptance of the offer?**

- Can the taxpayer afford your fees?
- Can the taxpayer afford the cost of the offer?
- Will the taxpayer be diligent in the preparation of his or her tax returns for 5 years from the date of acceptance?
- Will the taxpayer be diligent in paying his or her liability including making estimated tax payments for 5 years from the date of acceptance?
- If client cannot remain in compliance the offer will be cancelled and all compromised liability will be reassessed including all interest and penalties

# Story Time

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## Story

- “Laura”
- Owed \$270,000 to the IRS
- Unemployed

## So what happened...

access your free content at [www.taxresolutioninstitute.org/120a](http://www.taxresolutioninstitute.org/120a)

# Story Time

## Outcome

- Settled for \$3,501
- TRI fronted down payment
- Client defaulted on offer amount
- \$270,000 liability with penalties and interest reinstated

## Moral

- Get your fees up front
- Don't feel sorry for the client
- Don't be a nice guy & advance the 20% down payment

# Doubt as to Collectability

## **Is the taxpayer's income expected to change significantly during the collection statute?**

- If the taxpayer expects their income to go down significantly, it may be worth planning and postponing submission of an offer or doing a PPIA
- If the taxpayer expects their income to go up significantly in the 12 months subsequent to submission of an offer, as the IRS may ask for updated financials that may negatively affect acceptance of the offer
- An increase in income may be overcome by negotiating a collateral agreement in conjunction with the offer

# Doubt as to Collectability

## **Are the taxes more than 3 years old?**

- Prior to deciding whether an offer should be prepared, consider and discuss with your client discharging the taxes in bankruptcy
- If you expect that the taxes are dischargeable, have a qualified person prepare a tax dischargeability analysis (“TDA”). The 3-year rule, the 2-year rule and the 240-day rule. This is covered in the 200A course.
- One size does not fit all. Know all your options so you can best serve your client.

## **Polling Question 2**

**When preparing an offer on behalf of a client, do you consider the client's ability to remain in compliance going forward?**

- **Yes**
- **No**
- **I have never prepared an offer**

See our **Course List**  
to view the comprehensive  
list of courses at

[www.taxresolutioninstitute.org](http://www.taxresolutioninstitute.org)

# Need a refresher?

Do you need help preparing offer in compromise forms? Or do you just need a refresher on tax resolution basics including tips and traps? If so consider taking our 100A course which include the following:

- Handling a client from start to finish
- Offer in compromise case study
- Installment agreement case study

*for more information visit*

**[www.taxresolutioninstitute.org](http://www.taxresolutioninstitute.org)**

and click on **Course List** in the top bar  
Seminar/Webcast participants receive 10% off  
(use code **20offsem** – expires in 30 days)

# **Doubt as to Liability**

## **When and how should you submit an offer?**

### ***Things to consider***

- Taxpayer assessed for liability they do not owe?
- Does the taxpayer have substantiation to support their claim?
- Can you reduce the liability enough to spend the time and money necessary to complete the offer?
- Did the assessment in question arise from a tax audit?
- Was a tax court petition filed?



# Doubt as to Liability

## **Taxpayer assessed for liability they do not owe?**

- This may seem like a simple question but keep in mind it needs to be answered by a tax professional, not the taxpayer (they never think they owe it).
- Do some due diligence to determine (1) why the tax was assessed and (2) what has been done to contest the assessment
- Make sure the client has reasonable expectations (ha ha...)

# Doubt as to Liability

## **Does the taxpayer have substantiation to support their claim?**

- Assuming your client has a case...now comes the real work
- Was the client assessed because the IRS was being unreasonable or because their representative “didn’t show up” for the audit?
- Does your client have adequate documentation to substantiate their claim?
- Essentially this is an audit reconsideration
- Do not do this work on a fixed fee basis

# Doubt as to Liability

## **Can you reduce the liability enough to spend the time and money necessary to complete the offer in compromise?**

- If your client has a case and they have the substantiation to support it, will the cost to defend them outweigh the benefits?
- This should be considered relative to the overall cost of your time (prize vs price)
- This should also be considered if a substantially high liability will remain even if an offer is accepted

# Doubt as to Liability

## **Did the assessment in question arise from a tax audit?**

- This type of offer (doubt as to liability) gives the taxpayer a 2<sup>nd</sup> bite at the apple.
- We have been successful in converting audits in which all deductions were disallowed to assessments producing little to no tax
- The IRS seems to be more reasonable in considering taxpayer substantiation at this level

# Doubt as to Liability

## **Was the assessment appealed and a what level?**

- Was a tax court petition filed?
- You cannot submit an offer in compromise doubt as to liability if a tax court petition has been filed

# Effective Tax Administration

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The taxpayer owes the tax, has the ability to pay (i.e. equity in their home) but collecting from the taxpayer would be unjust

## **Polling Question 3**

**What type/s of IRS offers have you prepared on behalf of a client (choose all that apply)?**

- **Doubt as to liability**
- **Doubt as to collectability**
- **Effective tax administration**
- **I have never submitted an offer**

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to view the comprehensive  
list of courses at

[www.taxresolutioninstitute.org](http://www.taxresolutioninstitute.org)

# IRS Status 63 makes you a hero...

## Full-Day Seminar/Webcast

**26 Million of the 153 Million taxpayers disagree with or can't afford to pay the amount they owe...**

This course will show you how to service these people. Learn tax resolution essentials including offers in compromise, installment agreements and the 45-day rule. Also learn things no one else teaches including:

- When **NOT** to use IRS national and local standards
- How to make your client's inability to pay your most powerful tool
- When a partial pay installment agreement is better than a offer

*for more information visit*  
**[www.taxresolutioninstitute.org](http://www.taxresolutioninstitute.org)**

Click on the **Course List**...today's participants receive 20% off  
(use code **20offsem** – expires midnight this Sunday)



# Installment Agreement vs Offer in Compromise Analysis



*Case Study (CS-2)*

## **Installment Agreement**

- Family of 4
- Living in Los Angeles
- Husband is a self-employed salesperson (expects to earn substantially more income in the near future)
- Wife works and is a W-2 wage earner
- Taxes are withheld from Wife's paycheck and Husband is making estimated tax payments.
- Wife owns a vehicle with a small amount of equity
- Husband leases another vehicle
- They own a single family home with some equity
- Wife has an IRA with a relatively low value (\$12,858)
- They owe approximately \$487,000 in unpaid taxes.

## Collection Information Statement

Name(s) and Address John and Jane Doe 1234 Memory Lane Anytown, USA 12345  <input type="checkbox"/> If address provided above is different than last return filed, please check here  County of Residence Los Angeles	Your Social Security Number or Individual Taxpayer Identification Number 123-45-6789  Your Spouse's Social Security Number or Individual Taxpayer Identification Number 987-65-4321	Your Telephone Numbers Home: (818) 555-1212 Work: _____ Cell: _____  Spouse's Telephone Numbers Home: _____ Work: _____ Cell: _____
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Enter the number of people in the household who can be claimed on this year's tax return including you and your spouse. Under 65 4 65 and Over

If you or your spouse are self employed or have self employment income, provide the following information:

Name of Business	Business EIN	Type of Business	Number of Employees <i>(not counting owner)</i>

**A. ACCOUNTS / LINES OF CREDIT** Include checking, online, mobile (e.g., PayPal) and savings accounts, Certificates of Deposit, Trusts, Individual Retirement Accounts (IRAs), Keogh Plans, Simplified Employee Pensions, 401(k) Plans, Profit Sharing Plans, Mutual Funds, Stocks, Bonds and other investments. If applicable, include business accounts. *(Use additional sheets if necessary.)*

Name and Address of Institution	Account Number	Type of Account	Current Balance/Value	Check if Business Account
Main Bank, 111 Main Bank Avenue, Anytown, USA	11-1111-111	Checking	1,208	<input type="checkbox"/>
Retirement Bank, 123 Retirement Bank Avenue, Anytown, USA	123-456789	IRA	6,429	<input type="checkbox"/>
Business Bank, 222 Business Bank Avenue, Anytown, USA	22-2222-222	Checking	227	<input checked="" type="checkbox"/>
				<input type="checkbox"/>
				<input type="checkbox"/>
				<input type="checkbox"/>
				<input type="checkbox"/>

Enter the # of persons in household here. The # should be the same as declared on client's tax return

**B. REAL ESTATE** Include home, vacation property, timeshares, vacant land and other real estate. (Use additional sheets if necessary.)

Description/Location/County	Monthly Payment(s)	Financing		Current Value	Balance Owed	Equity
		Year Purchased	Purchase Price			
Single Family Residence 1234 Memory Lane Anytown, USA 12345 Los Angeles <input checked="" type="checkbox"/> Primary Residence <input type="checkbox"/> Other	3,150	2008	785,000	850,000	678,000	172,000
		Year Refinanced	Refinance Amount			
<input type="checkbox"/> Primary Residence <input type="checkbox"/> Other		Year Purchased	Purchase Price			
		Year Refinanced	Refinance Amount			

172,000

Note: If equity was negative enter "0"

**C. OTHER ASSETS** Include cars, boats, recreational vehicles, whole life policies, etc. Include make, model and year of vehicles and name of Life Insurance company in Description. If applicable, include business assets such as tools, equipment, inventory, etc. (Use additional sheets if necessary.)

Description	Monthly Payment	Year Purchased	Final Payment (mo/yr)	Current Value	Balance Owed	Equity
Nissan Sentra	463	2014	1 / 19	11,030	7,800	3,230
Acura IXL (lease)	567	2012	6 / 17	0	19,129	0
			/			
			/			
			/			
			/			

**NOTES** (For IRS Use Only)

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TURN PAGE TO CONTINUE

Credit card payments are considered "allowable" as part of "Miscellaneous" below in Section H1. Any amount above the \$300 allowance below will not be considered.

D. CREDIT CARDS <i>(Visa, MasterCard, American Express, Department Stores, etc.)</i>			
Type	Credit Limit	Balance Owed	Minimum Monthly Payment
None			

E. BUSINESS INFORMATION <i>Complete E1 for Accounts Receivable owed to you or your business. (Use additional sheets if necessary.) Complete E2 if you or your business accepts credit card payments.</i>		
<b>E1. Accounts Receivable owed to you or your business</b>		
Name	Address	Amount Owed
N/A		
List total amount owed from additional sheets		
Total amount of accounts receivable available to pay to IRS now		
<b>E2. Name of individual or business on account</b>		
Credit Card <i>(Visa, Master Card, etc.)</i>	Issuing Bank Name and Address	Merchant Account Number
N/A		

**F. EMPLOYMENT INFORMATION** If you have more than one employer, include the information on another sheet of paper. (If attaching a copy of current pay stub, you do not need to complete this section.)

Your current Employer (name and address) Self-Employed		Spouse's current Employer (name and address) ACME Inc. 9999 Industrial Way Los Angeles, CA 90000	
How often are you paid? (Check one) <input type="checkbox"/> Weekly <input type="checkbox"/> Biweekly <input type="checkbox"/> Semi-monthly <input type="checkbox"/> Monthly		How often are you paid? (Check one) <input type="checkbox"/> Weekly <input type="checkbox"/> Biweekly <input checked="" type="checkbox"/> Semi-monthly <input type="checkbox"/> Monthly	
Gross per pay period _____		Gross per pay period <u>2,384</u>	
Taxes per pay period (Fed) _____ (State) _____ (Local) _____		Taxes per pay period (Fed) <u>907</u> (State) <u>102</u> (Local) _____	
How long at current employer <u>2 yrs 7 mos</u>		How long at current employer <u>1 yr 3 mos</u>	

**G. NON-WAGE HOUSEHOLD INCOME** List monthly amounts. For Self-Employment and Rental Income, list the monthly amount received after expenses or taxes and attach a copy of your current year profit and loss statement.

Alimony Income		Net Rental Income		Interest/Dividends Income	
Child Support Income		Unemployment Income		Social Security Income	
Net Self Employment Income	8,662	Pension Income		Other:	

**H. MONTHLY NECESSARY LIVING EXPENSES** List monthly amounts. (For expenses paid other than monthly, see instructions.)

<b>1. Food / Personal Care</b> See instructions. If you do not spend more than the standard allowable amount for your family size, fill in the Total amount only.		<b>3. Housing &amp; Utilities</b>		<b>5. Other</b>	
Food	821	Rent		Child / Dependent Care	319
Housekeeping Supplies	78	Electric, Oil/Gas, Water/Trash	233	Estimated Tax Payments	3,586
Clothing and Clothing Services	244	Telephone/Cell/Cable/Internet		Term Life Insurance	135
Personal Care Products & Services	70	Real Estate Taxes and Insurance (if not included in B above)		Retirement (Employer Required)	
Miscellaneous	300	Maintenance and Repairs		Retirement (Voluntary)	
<b>Total</b>	<b>1,513</b>	<b>Total</b>	<b>233</b>	Union Dues	
<b>2. Transportation</b>		<b>4. Medical</b>		Delinquent State & Local Taxes (minimum payment)	
Gas/Insurance/Licenses/Parking/Maintenance etc.	590	Health Insurance	495	Student Loans (minimum payment)	
Public Transportation		Out of Pocket Health Care Expenses	240	Court Ordered Child Support	
				Court Ordered Alimony	
				Other Court Ordered Payments	
				Other (specify)	
				Other (specify)	
				Other (specify)	

Under penalty of perjury, I declare to the best of my knowledge and belief this statement of assets, liabilities and other information is true, correct and complete.

Your Signature	Spouse's Signature	Date
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Be sure to calculate the wages minus taxes based upon a month when determining how much to offer as an installment amount.

IRS Standard

# Installment Agreement Analysis

Item	Allowed for IA	Notes
<b>Income</b>		
<i>Gross Wages</i>		
Taxpayer (Net Business Income)	8,662	Actual
Spouse (Wages)	<u>4,768</u>	Actual
<b>Total gross earnings:</b>	13,430	
<i>Taxes</i>		
Taxpayer	(3,586)	Actual
Spouse	<u>(2,018)</u>	Actual
<b>Total taxes withheld:</b>	<u>(5,604)</u>	
<b>Total net income:</b>	<b>7,826</b>	
<b>Personal Living Expenses</b>		
<i>Housing and Utilities</i>		
Mortgage	3,150	Actual for IA
Utilities	<u>233</u>	Actual for IA
	3,383	
<i>Food/Clothing/Etc.</i>	<u>1,513</u>	IRS national standard
	1,513	
<i>Transportation</i>		
Car payments	1,030	Actual
Maint./gas/insurance	<u>590</u>	IRS local standard
	1,620	
<i>Medical</i>		
Health insurance	495	Actual
Out-of-pocket health	<u>240</u>	IRS national standard
	735	
<i>Other</i>		
Childcare	319	
Life insurance	<u>135</u>	
	454	
<b>Total living expenses:</b>	<b>7,705</b>	
<b>Monthly Disposable Income:</b>	<b>121</b>	

# **Offer in Compromise vs Installment Agreement Comparison**

access your free content at [www.taxresolutioninstitute.org/120a](http://www.taxresolutioninstitute.org/120a)



Installment Agreement/Offer in Compromise Comparison - Family of Four (CS-2)

OIC vs IA  
Analysis

Item	Amount Allowed for IA	Amount Allowed for OIC	Notes
<b>Income</b>			
<i>Gross Wages</i>			
Taxpayer (Net Business Income)	8,662	8,662	Actual
Spouse (Wages)	4,768	4,768	Actual
<b>Total gross earnings:</b>	<b>13,430</b>	<b>13,430</b>	
<i>Taxes</i>			
Taxpayer	(3,586)	(3,586)	Actual
Spouse	(2,018)	(2,018)	Actual
<b>Total taxes withheld:</b>	<b>(5,604)</b>	<b>(5,604)</b>	
<b>Total net income:</b>	<b>7,826</b>	<b>7,826</b>	
<b>Personal Living Expenses</b>			
<i>Housing and Utilities</i>			
Mortgage	3,150		Actual for IA
Utilities	233		Actual for IA
		3,383	OIC amount is based upon IRS local std.
<i>Food/Clothing/Etc.</i>	1,513	1,513	IRS national standard
		1,513	
<i>Transportation</i>			
Car payments	1,030		OIC amount is based upon IRS national std.
Maint./gas/insurance	590	590	IRS local standard
		1,620	
<i>Medical</i>			
Health insurance	495	495	Actual
Out-of-pocket health	240	240	IRS national standard
		735	
<i>Other</i>			
Childcare	319	319	Actual
Life insurance	135	135	Actual
		454	
<b>Total living expenses:</b>	<b>7,705</b>	<b>7,405</b>	
<b>Monthly Disposable Income:</b>	<b>121</b>	<b>421</b>	

**Should they do an offer or  
installment agreement?**

**...let's see**

# OIC vs Installment Agreement

50

## Installment Agreement

Monthly payment amount - \$121

Number of months to pay - 120 (10 years)

$121 \times 120 = \mathbf{\$14,520}$

## Offer in Compromise

Offer amount - **\$13,875\***

*\*Paid as follows - 20% down and the balance paid within 5 months after offer is accepted (typically 18 to 24 months after offer is submitted).*

*Because Taxpayer John Doe assumes he'll earn substantially more money in the near future, an Offer in Compromise would far outweigh an Installment Agreement.*

## **Polling Question 4**

**Why are you taking this webinar (choose 1)?**

- **To help clients with tax collection issues**
- **To grow my practice and gain new tax resolution clients**
- **To find a tax resolution provider as an outside partner**
- **For general knowledge**

**Need an IRS Form?**

**Visit the Forms Library FREE  
under the Members section at**

[www.taxresolutioninstitute.org](http://www.taxresolutioninstitute.org)

# **Offer in Compromise Appeals**

# Offer in Compromise Appeals

- To determine if an offer is accepted IRS determines taxpayer's Reasonable Collection Potential (RCP)
- If an offer is rejected the IRS will likely claim the taxpayer has the ability to full-pay the tax liability
- To appeal use **Request for Appeal of Offer in Compromise - IRS Form 13711**

# **Offer in Compromise Rejection**

## **Items to review when appealing an offer in compromise rejection**

- **IRS 30-day Reconsideration (Rejection Letter)**
- **IRS calculation worksheets**
  - **IET – Income/Expense Table**
  - **AET – Asset/Equity Table**
- **Form 656 (as submitted)**
- **Form 433A-OIC (as submitted)**

# IRS OIC 30-day rejection letter

Department of the Treasury

Date of this Letter: JUL 21 2015

55

Internal Revenue Service  
Centralized OIC  
PO Box 9011  
Holtsville, NY 11742

Person to Contact:  
Ms. D. Gainsford  
Employee #:1000193021  
Phone#:(866)611-6191 EXT.3168  
08:00am-03:00pm Mon-Fri  
Taxpayer ID# [REDACTED]  
Offer Number:1001259613

[REDACTED]

[REDACTED]

We have closed our file on your offer and are returning your Form 656, Offer in Compromise for the following reason(s):

Our records indicate that you are not current with estimated tax payments. You have not made the estimated tax payment we requested or provided verification that your estimated tax payments or withheld income tax are sufficient for tax year(s) 2015. We will only consider an offer when you are in full compliance, including estimated tax payments.

If you wish to present a new offer, you must submit a new Form 656, current financial information using Form 433-A(OIC) and/or Form 433-B(OIC), all required supporting financial documentation, a check for the \$186 application fee, and a separate check for the 20 percent of the lump sum amount offered or your first proposed installment payment. Mail your completed forms and your checks to the address listed in the instructions for Form 656.

If you believe the return of your offer was made in error, or your failure to provide the information/substantiation we requested was due to circumstances beyond your control (your serious illness, death or serious illness of your immediate family member, or disaster) within 30 days from the date of this letter you may contact the person whose name and telephone number are shown in the upper right hand corner of this letter to request reconsideration of our decision to close your offer. You should be prepared to discuss specifics, provide verification of the circumstances beyond your control and, if applicable, provide the information previously requested.

continued on next page



# **Offer in Compromise Appeals**

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## **Request for Appeal of Offer in Compromise IRS Form 13711**

access your free content at [www.taxresolutioninstitute.org/120a](http://www.taxresolutioninstitute.org/120a)

# IRS Form 13711 (page 1 of 2)

Service employee - Staple the taxpayer's envelope here

## Request for Appeal of Offer in Compromise

Provide the information required in the spaces below. You must sign and date this form.

Taxpayer name			Taxpayer Identification Number		
Taxpayer name			Taxpayer Identification Number		
Mailing address			Tax form number		
City	State	ZIP Code	Tax period(s) ended		
Taxpayer's current daytime phone number					
Name of authorized representative					
Mailing address			City	State	ZIP Code
Telephone number of authorized representative			Best time to call (during normal business hours)		

If you disagree with a specific item shown on the Income and Expense Table and Assets and Equity table you received with your rejection letter, identify the specific item(s). In the space next to the disagreed item, provide a brief statement indicating why you don't agree with our determination (if the disagreed item is the value of future income, indicate that under "Disagreed Item," and provide an explanation under "Reason for Disagreement"). There is room for more entries on the back of this form, and you may use additional pages, if necessary. Attach supporting documents for each disagreed item you identify and indicate on them which issue they apply to. If you disagree with a reason for the rejection stated in our letter but not discussed on the Table, identify what statement you disagree with, the reason you disagree and attach any supporting documentation. Additional pages may be attached. If you do not agree with the Service's analysis of economic hardship or Effective Tax Administration, please provide an explanation with documentation. If possible, attach a copy of the rejection letter to this form.

Disagreed Item	Reason for Disagreement (attach supporting documentation)

**Certification of Taxpayer:** Under penalties of perjury, I declare that to the best of my knowledge, the information contained herein is true, correct, and complete.

Signature of Taxpayer	Date signed	Signature of Taxpayer	Date signed
-----------------------	-------------	-----------------------	-------------

**Certification for authorized representative:** Check the box that applies depending on whether you have personal knowledge.

<input type="checkbox"/> Under penalties of perjury, I declare that I have submitted the protest and accompanying documents and to the best of my knowledge, the information contained herein is true, correct, and complete.	Scan this QR Code with your smartphone or other device with a QR reader, or go to the website url shown, to view more information about completing this form and other Appeals processes online.  <a href="http://www.irs.gov/appeals">www.irs.gov/appeals</a>
<input type="checkbox"/> Under penalties of perjury, I declare that I have submitted the protest and accompanying documents, but I have no personal knowledge concerning the facts stated in the protest and the accompanying documents.	
Signature of authorized representative (Attach a copy of your completed Form 2848, Power of Attorney and Declaration of Representative.)	
Signature of authorized representative	Date signed

**IRS Form  
13711**  
(page 2 of 2)

**Request for Appeal of Offer in Compromise**

Disagreed Item	Reason for Disagreement (attach supporting documentation)
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# Offer Appeal Considerations

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- Did IRS make an incorrect decision based on a misinterpretation of the law?
- Did IRS not properly apply the law due to a misunderstanding of the facts?
- Do you have additional records or new evidence to support your position?

# Tax Resolution Essentials

**The following materials and more will be available to webinar attendees at [www.taxresolutioninstitute.org/120a](http://www.taxresolutioninstitute.org/120a)**

**for 10 days without a subscription:**

- View course materials
- Sample Engagement letter
- IRS Forms
- White Papers
- And more...

access your free content at [www.taxresolutioninstitute.org/120a](http://www.taxresolutioninstitute.org/120a)

## **Polling Question 5**

**Have you ever appealed an offer in compromise?**

- **Yes**
- **No**

**Need an IRS Form?**

**Visit the Forms Library FREE  
under the Members section at**

[www.taxresolutioninstitute.org](http://www.taxresolutioninstitute.org)

# Appeals

(General)

# Appeal Topics Overview

- Collection Appeal Rights
  - Collection Due Process (“CDP”) Form 12153
  - Collection Appeals Process (“CAP”) Form 9423
- Offer in Compromise Appeal
- Request for Mediation
- Fast Track Settlement
- Taxpayer Advocate



# Collection Appeal Rights

Two options...

- Collection Due Process (“CDP”) Form 12153
- Collection Appeals Process (“CAP”) Form 9423

<b><u>CAP (Form 9423)</u></b>	<b><u>CDP (Form 12153)</u></b>
Levy or seizure action that has been or will be taken	Notice of Intent to Levy and Notice of Your Right to Hearing
A Notice of Federal Tax Lien (NFTL) that has been or will be filed	Notice of Federal Tax Lien Filing and Your Right to Hearing under IRC 6320
The filing of a notice of lien against an alter-ego or nominee's property	Notice of Jeopardy Levy and Right to Appeal
Denials of requests to issue lien certificates, such as subordination, withdrawal, discharge or non-attachment	Notice of Levy on Your State Tax Refund
Rejected, proposed for modification or modified, or proposed for termination or terminated installment agreements	Notice of Levy and Notice of Your Right to a Hearing
Disallowance of taxpayer's request to return levied property under IRC 6343(d)	You may petition the Tax Court post findings
Disallowance of property owner's claim for return of property under IRC 6343(b)	Process takes significantly more time to reach a result than filing a CAP

# Similarities

- You may represent yourself
- You may be represented by an attorney
- You may be represented by a CPA
- You may be represented by any other person enrolled to practice before the IRS
- You may be represented by immediate family
- For businesses you may be represented by employees, partners or officers

# Differences

- **You may go to court if you disagree with results of CDP hearing**
- **You may not go to court following a CAP hearing**
- **CAP results come in a relatively short period of time**

# **Collection Due Process**

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## **IRS FORM 12153**

Request for a Collection Due Process or  
Equivalent Hearing

access your free content at [www.taxresolutioninstitute.org/120a](http://www.taxresolutioninstitute.org/120a)

# IRS Form 12153 CDP (page 1 of 2)

Form **12153**  
(Rev. 12-2013)

## Request for a Collection Due Process or Equivalent Hearing

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Use this form to request a Collection Due Process (CDP) or equivalent hearing with the IRS Office of Appeals if you have been issued one of the following lien or levy notices:

- Notice of Federal Tax Lien Filing and Your Right to a Hearing under IRC 6320,
- Notice of Intent to Levy and Notice of Your Right to a Hearing,
- Notice of Jeopardy Levy and Right of Appeal,
- Notice of Levy on Your State Tax Refund,
- Notice of Levy and Notice of Your Right to a Hearing.

Complete this form and send it to the address shown on your lien or levy notice. Include a copy of your lien or levy notice to ensure proper handling of your request.

Call the phone number on the notice or 1-800-829-1040 if you are not sure about the correct address or if you want to fax your request.

**You can find a section explaining the deadline for requesting a Collection Due Process hearing in this form's instructions. If you've missed the deadline for requesting a CDP hearing, you must check line 7 (Equivalent Hearing) to request an equivalent hearing.**

1. Taxpayer Name: (Taxpayer 1) \_\_\_\_\_  
 Taxpayer Identification Number \_\_\_\_\_  
 Current Address \_\_\_\_\_  
 City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

2. Telephone Number and Best Time to Call During Normal Business Hours	Home (____) _____ - _____	<input type="checkbox"/> am. <input type="checkbox"/> pm.	
	Work (____) _____ - _____	<input type="checkbox"/> am. <input type="checkbox"/> pm.	
	Cell (____) _____ - _____	<input type="checkbox"/> am. <input type="checkbox"/> pm.	

3. Taxpayer Name: (Taxpayer 2) \_\_\_\_\_  
 Taxpayer Identification Number \_\_\_\_\_  
 Current Address \_\_\_\_\_  
(If Different from Address Above) City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

4. Telephone Number and Best Time to Call During Normal Business Hours	Home (____) _____ - _____	<input type="checkbox"/> am. <input type="checkbox"/> pm.	
	Work (____) _____ - _____	<input type="checkbox"/> am. <input type="checkbox"/> pm.	
	Cell (____) _____ - _____	<input type="checkbox"/> am. <input type="checkbox"/> pm.	

5. Tax Information as Shown on the Lien or Levy Notice *(If possible, attach a copy of the notice)*

Type of Tax (Income, Employment, Excise, etc. or Civil Penalty)	Tax Form Number (1040, 941, 720, etc)	Tax Period or Periods

**IRS Form  
12153  
CDP  
(page 2 of 2)**

Form <b>12153</b> (Rev. 12-2013)	<b>Request for a Collection Due Process or Equivalent Hearing</b>	
6. Basis for Hearing Request (Both boxes can be checked if you have received both a lien and levy notice)		
<input type="checkbox"/> Filed Notice of Federal Tax Lien <input type="checkbox"/> Proposed Levy or Actual Levy		
7. Equivalent Hearing (See the instructions for more information on Equivalent Hearings)		
<input type="checkbox"/> I would like an Equivalent Hearing - I would like a hearing equivalent to a CDP Hearing if my request for a CDP hearing does not meet the requirements for a timely CDP Hearing.		
8. Check the most appropriate box for the reason you disagree with the filing of the lien or the levy. See page 4 of this form for examples. You can add more pages if you don't have enough space. If, during your CDP Hearing, you think you would like to discuss a Collection Alternative to the action proposed by the Collection function it is recommended you submit a completed Form 433A (Individual) and/or Form 433B (Business), as appropriate, with this form. See <a href="http://www.irs.gov">www.irs.gov</a> for copies of the forms. Generally, the Office of Appeals will ask the Collection Function to review, verify and provide their opinion on any new information you submit. We will share their comments with you and give you the opportunity to respond.		
Collection Alternative <input type="checkbox"/> Installment Agreement <input type="checkbox"/> Offer in Compromise <input type="checkbox"/> I Cannot Pay Balance		
Lien <input type="checkbox"/> Subordination <input type="checkbox"/> Discharge <input type="checkbox"/> Withdrawal		
Please explain:		
My Spouse Is Responsible <input type="checkbox"/> Innocent Spouse Relief (Please attach Form 8857, Request for Innocent Spouse Relief, to your request.)		
Other (For examples, see page 4) <input type="checkbox"/>		
Reason (You must provide a reason for the dispute or your request for a CDP hearing will not be honored. Use as much space as you need to explain the reason for your request. Attach extra pages if necessary.):		
9. Signatures		
I understand the CDP hearing and any subsequent judicial review will suspend the statutory period of limitations for collection action. I also understand my representative or I must sign and date this request before the IRS Office of Appeals can accept it. If you are signing as an officer of a company add your title ( <i>president, secretary, etc.</i> ) behind your signature.		
<b>SIGN HERE</b>	Taxpayer 1's Signature	Date
	Taxpayer 2's Signature ( <i>if a joint request, both must sign</i> )	Date
<input type="checkbox"/> I request my CDP hearing be held with my authorized representative ( <i>attach a copy of Form 2848</i> )		
Authorized Representative's Signature	Authorized Representative's Name	Telephone Number
<b>IRS Use Only</b>		
IRS Employee (Print)	Employee Telephone Number	IRS Received Date

# **Collection Appeal Rights**

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## **IRS FORM 9423**

### Collection Appeal Request

access your free content at [www.taxresolutioninstitute.org/120a](http://www.taxresolutioninstitute.org/120a)



# IRS Form 9423 CAP

Form <b>9423</b> (August 2014)		Department of the Treasury - Internal Revenue Service <b>Collection Appeal Request</b> (Instructions are on the reverse side of this form)			
1. Taxpayer's name			2. Representative (Attach a copy of Form 2848, Power of Attorney)		
3. SSN/EIN	4. Taxpayer's business phone	5. Taxpayer's home phone	6. Representative's phone		
7. Taxpayer's street address					
8. City		9. State	10. ZIP code		
11. Type of tax (Tax form)		12. Tax periods being appealed		13. Tax due	
<b>Collection Action(s) Appealed</b>					
14. Check the Collection action(s) you are appealing					
<input type="checkbox"/> Federal Tax Lien		<input type="checkbox"/> Levy or Proposed Levy		<input type="checkbox"/> Seizure	
<input type="checkbox"/> Rejection of Installment Agreement		<input type="checkbox"/> Termination of Installment Agreement		<input type="checkbox"/> Modification of Installment Agreement	
<b>Explanation</b>					
15. Explain why you disagree with the collection action(s) you checked above and explain how you would resolve your tax problem. Attach additional pages if needed. Attach copies of any documents that you think will support your position. Generally, the Office of Appeals will ask the Collection Function to review, verify and provide their opinion on any new information you submit. We will share their comments with you and give you the opportunity to respond.					
Under penalties of perjury, I declare that I have examined this request and any accompanying documents, and to the best of my knowledge and belief, they are true, correct and complete. A submission by a representative, other than the taxpayer, is based on all information of which the representative has any knowledge.					
16. <input type="checkbox"/> Taxpayer's or <input type="checkbox"/> Authorized Representative's signature (Only check one box)				17. Date signed	
<b>IRS USE ONLY</b>					
18. Revenue Officer's name		19. Revenue Officer's signature		20. Date signed	
21. Revenue Officer's phone		22. Revenue Officer's email address		23. Date received	
24. Collection Manager's name		25. Collection Manager's signature		26. Date signed	
27. Collection Manager's phone		28. Collection Manager's email address		29. Date received	

## **Polling Question 6**

**With which type/s of appeals do you have experience (choose all that apply)?**

- **CAP (Collection Appeal Request)**
- **CDP (Collection Due Process)**
- **Fast Track (Settlement/Mediation)**
- **Tax Court**
- **None of the above**

See our **Course List**  
to view the comprehensive  
list of courses at

[www.taxresolutioninstitute.org](http://www.taxresolutioninstitute.org)

# **Fast Track Settlement and Mediation (income tax audits)**

access your free content at [www.taxresolutioninstitute.org/120a](http://www.taxresolutioninstitute.org/120a)

# Purpose

- **To provide a quicker result for tax examinations**
- **Involves Appeals Officer sooner than otherwise may happen**
- **Either IRS or taxpayer may request either process**
- **Both parties must agree in order to begin either process**

# **Fast Track Settlement**

- **Use form 14017**
- **Entire process should be less than 60 days**
- **Can be initiated at the appeals level**
- **Mediator considers hazards of litigation**
- **Neither the taxpayer nor the IRS (via examining agent) are obligated to accept the mediator's proposal.**

# **Fast Track Settlement**

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## **IRS FORM 14017**

Application for Fast Track Settlement

access your free content at [www.taxresolutioninstitute.org/120a](http://www.taxresolutioninstitute.org/120a)

# IRS Form 14017 Application for Fast Track Settlement

Application for Fast Track Settlement					
<b>Submitted to Appeals</b>		<b>From</b>			<b>Type of Tax</b>
Date _____	Location _____	<input type="checkbox"/> LB&I	<input type="checkbox"/> SB/SE	<input type="checkbox"/> TE/GE	<input type="checkbox"/> Other _____
Taxpayer name _____			Representative name (if applicable) _____		
Taxpayer TIN/EIN _____		Tax years _____		Name of Firm _____	
Address _____			Address _____		
City _____	State _____	Zip _____	City _____	State _____	Zip _____
Telephone _____		Fax _____		Telephone _____	
Examination Group / Team Manager _____				Source (FE/OE/CO, etc) _____	
City _____	State _____	Zip _____	Telephone _____	Fax _____	
<b>Other Participants (if applicable)</b>					
Name _____		Position or Affiliation _____		Phone _____	
<b>Signatures</b>					
The undersigned request Appeals assistance in the Fast Track Settlement (FTS) process. The issues for which this assistance is requested are described in the Form(s) 5701, Summary of Issues or Examination Re-Engineering Lead Sheets or similar documents and the taxpayer's written response, and are attached to this application. By signing this application, taxpayer consents, pursuant to section 6103(c) of the Code, to the disclosure of the taxpayer's returns and return information pertaining to the issues being considered in the FTS process to those persons named on the application as participants in the process. The prohibition against ex parte communications between Appeals personnel and other Service employees provided by section 1001(a) of the Internal Revenue Service Restructuring and Reform Act of 1998 does not apply to the communications arising in FTS because Appeals personnel, in facilitating an agreement between the taxpayer and the other Service Operating Division, are not acting in their traditional Appeals settlement role. IRS employees, taxpayer and persons invited to participate by the IRS or taxpayer will not voluntarily disclose information regarding any communication made during the FTS session, except as provided by statute.					
Taxpayer Signature _____				Date signed _____	
Taxpayer Spouse's Signature (if related to a joint return) _____				Date signed _____	
Taxpayer(s) Representative Signature _____				Date signed _____	
IRS Group / Team Manager Signature _____				Date signed _____	
Approving Operating Division Official (Signature and Title) _____				Date signed _____	
Accepted by Appeals Official (Appeals Team Manager Signature) _____				Date signed _____	
Accepted by Appeals Official (Appeals Program Manager Signature) _____				Date signed _____	
<input type="checkbox"/> Industry (IC)		<input type="checkbox"/> Coordinated Industry Case (CIC)		<input type="checkbox"/> Other _____	
Potential Joint Committee		<input type="checkbox"/> Yes <input type="checkbox"/> No			
<input type="checkbox"/> Industry		<input type="checkbox"/> NR		<input type="checkbox"/> HMT	
<input type="checkbox"/> RFPH		<input type="checkbox"/> CTM		<input type="checkbox"/> FS	
MFT: _____		PBC: _____		Listed Transaction	
		<input type="checkbox"/> Yes <input type="checkbox"/> No			
Preferred Conference Site _____				Fast Track End Date _____	

# Fast Track Mediation

- **Use form 13369**
- **Mediator only views items at the examination level**
- **CANNOT be initiated at the appeals level**
- **Neither the taxpayer nor the IRS (via examining agent) are obligated to accept the mediators proposal.**



# **Fast Track Mediation**

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## **IRS FORM 13369**

### Agreement to Mediate

access your free content at [www.taxresolutioninstitute.org/120a](http://www.taxresolutioninstitute.org/120a)

# IRS Form 13369 Agreement to Mediate

## Agreement to Mediate

OMB No. 1545-1844

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<b>To: Appeals Team Manager</b>		Date
<b>Compliance Officer Information</b> <i>(The person to contact in Compliance about this case)</i>		
Name	Title	
Office telephone number	ID/Badge number	
Taxpayer's Identification Number (TIN)	Year(s)	
Source (FE/OE/CO, etc.)	MFT	
Type of Tax (1040, 1120 Emp., etc) or Collection Issue (CDP, OIG etc)		
Taxpayer's name	Phone (Include Area Code)	
Home street address (P.O. Boxes are not allowed)		
City	State	ZIP code
Representative's name	Firm name	
Office street address (P.O. Boxes are not allowed)		
City	State	ZIP code
Office phone number (Include Area Code)	FAX number (Include Area Code)	
<p>IRS and Treasury employees who participate in any way in the mediation process and any person under contract to the IRS invited to participate, will be subject to the confidentiality and disclosure provisions of the Internal Revenue Code, including I.R.C. sections 6103, 7213, 7213A, and 7431. See also 5 U.S.C. section 574. The parties also acknowledge that IRS and all other Treasury employees involved in the mediation are bound by I.R.C. section 7214(a)(8) and must report information concerning violations of any revenue law to the Secretary. The Mediator will have the right to ask either party for additional information if deemed necessary for a full understanding of the issues being mediated. A copy of any submission a party gives to the mediator will be provided simultaneously to the other party.</p> <p>The Taxpayer consents to the disclosure by the IRS of the Taxpayer's returns and return information incident to the mediation to any participant or observer for the Taxpayer, including persons providing expert assistance for the IRS. If the mediation agreement is executed by a person pursuant to a power of attorney executed by the Taxpayer, that power of attorney must clearly express the Taxpayer's grant of authority to consent to disclose the Taxpayer's returns and return information by the IRS to third parties, and a copy of that power of attorney must be attached to this agreement.</p>		
Taxpayer's signature	Date signed	
Taxpayer's signature	Date signed	
Taxpayer's Representative signature	Date signed	
Compliance Officer's signature	Date signed	
<b>Other Participants</b> <i>(if applicable)</i>		
Name	Position or Affiliation	Phone (Include Area Code)
Name	Position or Affiliation	Phone (Include Area Code)
Name	Position or Affiliation	Phone (Include Area Code)

# Taxpayer Advocate

Use form to request Taxpayer Advocate Service (TAS) assistance when:

- Taxpayer's problem with IRS is causing financial difficulties to taxpayer, taxpayer's family or taxpayer's business
- Taxpayer or taxpayer's business is facing an immediate threat or adverse action
- Taxpayer has tried repeatedly to contact the IRS, but no one has responded, or the IRS has not responded by the date promised
- If TAS does not respond within 1 week, contact TAS office via telephone

# **Taxpayer Advocate**

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## **IRS FORM 911**

### Request for Taxpayer Advocate

access your free content at [www.taxresolutioninstitute.org/120a](http://www.taxresolutioninstitute.org/120a)

# IRS Form 911 Request for Taxpayer Advocate (page 1 of 2)

Form <b>911</b> (February 2015)		Department of the Treasury - Internal Revenue Service <b>Request for Taxpayer Advocate Service Assistance</b> (And Application for Taxpayer Assistance Order)		OMB Number 1545-1504
<b>Section I – Taxpayer Information</b> (See Pages 3 and 4 for Form 911 Filing Requirements and Instructions for Completing this Form.)				
1a. Your name as shown on tax return		1b. Taxpayer Identifying Number (SSN, ITIN, EIN)		
2a. Spouse's name as shown on tax return (if applicable)		2b. Spouse's Taxpayer Identifying Number (SSN, ITIN)		
3a. Your current street address (Number, Street, & Apt. Number)				
3b. City		3c. State (or Foreign Country)	3d. ZIP code	
4. Fax number (if applicable)	5. Email address			
6. Tax form number (1040, 941, 720, etc.)		7. Tax year(s) or period(s)		
8. Person to contact if Section II is not being used		9a. Daytime phone number	9b. <input type="checkbox"/> Check here if you consent to have confidential information about your tax issue left on your answering machine or voice message at this number.	
10. Best time to call		<input type="checkbox"/> Check if Cell Phone		
11. Preferred language (if applicable)				
<input type="checkbox"/> TTY/TDD Line <input type="checkbox"/> Interpreter needed - Specify language other than English (including sign language) _____ <input type="checkbox"/> Other (please specify) _____				
12a. Please describe the tax issue you are experiencing and any difficulties it may be creating (If more space is needed, attach additional sheets.) (See instructions for completing Lines 12a and 12b)				
12b. Please describe the relief/assistance you are requesting (If more space is needed, attach additional sheets.)				
I understand that Taxpayer Advocate Service employees may contact third parties in order to respond to this request and I authorize such contacts to be made. Further, by authorizing the Taxpayer Advocate 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.				
13a. Signature of Taxpayer or Corporate Officer, and title, if applicable			13b. Date signed	
14a. Signature of spouse			14b. Date signed	
<b>Section II – Representative Information</b> (Attach Form 2848 if not already on file with the IRS.)				
1. Name of authorized representative		2. Centralized Authorization File (CAF) number		
3. Current mailing address		4. Daytime phone number		<input type="checkbox"/> Check if Cell Phone
		5. Fax number		
6. Signature of representative			7. Date signed	

# IRS Form 911 Request for Taxpayer Advocate (page 2 of 2)

**Section III – Initiating Employee Information (Section III is to be completed by the IRS only)**

Taxpayer name			Taxpayer Identifying Number (TIN)	
1. Name of employee	2. Phone number	3a. Function	3b. Operating division	4. Organization code no.
<p>5. How identified and received (Check the appropriate box)</p> <p>IRS Function identified issue as meeting Taxpayer Advocate Service (TAS) criteria</p> <p><input type="checkbox"/> (r) Functional referral (Function identified taxpayer issue as meeting TAS criteria).</p> <p><input type="checkbox"/> (x) Congressional correspondence/inquiry not addressed to TAS but referred for TAS handling.</p> <p>Name of Senator/Representative _____</p> <p>Taxpayer or Representative requested TAS assistance</p> <p><input type="checkbox"/> (n) Taxpayer or representative called into a National Taxpayer Advocate (NTA) Toll-Free site.</p> <p><input type="checkbox"/> (s) Functional referral (taxpayer or representative specifically requested TAS assistance).</p>				6. IRS received date
<p>7. TAS criteria (Check the appropriate box. NOTE: Checkbox 9 is for TAS Use Only)</p> <p><input type="checkbox"/> (1) The taxpayer is experiencing economic harm or is about to suffer economic harm.</p> <p><input type="checkbox"/> (2) The taxpayer is facing an immediate threat of adverse action.</p> <p><input type="checkbox"/> (3) The taxpayer will incur significant costs if relief is not granted (including fees for professional representation).</p> <p><input type="checkbox"/> (4) The taxpayer will suffer irreparable injury or long-term adverse impact if relief is not granted.</p> <p>(if any items 1-4 are checked, complete Question 9 below)</p> <p><input type="checkbox"/> (5) The taxpayer has experienced a delay of more than 30 days to resolve a tax account problem.</p> <p><input type="checkbox"/> (6) The taxpayer did not receive a response or resolution to their problem or inquiry by the date promised.</p> <p><input type="checkbox"/> (7) A system or procedure has either failed to operate as intended, or failed to resolve the taxpayer's problem or dispute within the IRS.</p> <p><input type="checkbox"/> (8) The manner in which the tax laws are being administered raise considerations of equity, or have impaired or will impair the taxpayer's rights.</p> <p><input type="checkbox"/> (9) The NTA determines compelling public policy warrants assistance to an individual or group of taxpayers (TAS Use Only)</p>				
<p>8. What action(s) did you take to help resolve the issue? (This block MUST be completed by the initiating employee) If you were unable to resolve the issue, state the reason why (if applicable)</p>				
<p>9. Provide a description of the Taxpayer's situation, and where appropriate, explain the circumstances that are creating the economic burden and how the Taxpayer could be adversely affected if the requested assistance is not provided (This block MUST be completed by the initiating employee)</p>				
<p>10. How did the taxpayer learn about the Taxpayer Advocate Service</p> <p><input type="checkbox"/> IRS Forms or Publications   <input type="checkbox"/> Media   <input type="checkbox"/> IRS Employee   <input type="checkbox"/> Other (please specify) _____</p>				

# To discharge or not to discharge?

## Full-Day Seminar/Webcast

**AND...**

Unlike other courses you will also learn:

- When **NOT** to file a bankruptcy to discharge taxes
- How to **make big bucks** defending your client from the Trust Fund Recovery assessment
- When you **WANT** your client to have **their bank account levied**

*for more information visit*  
**[www.taxresolutioninstitute.org](http://www.taxresolutioninstitute.org)**

Click on the **Course List**...today's participants receive 20% off  
(use code **20offsem** – expires midnight this Sunday)

## **Polling Question 7**

**Would you like us to call you to discuss an appeal or other tax resolution issue?**

- **Yes**
- **No**



# Tax Court

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**a brief look ...**

access your free content at [www.taxresolutioninstitute.org](http://www.taxresolutioninstitute.org)

# Tax Court

## Advantages

- **Change of a favorable result to taxpayer has a high probability**
- **Over 90% of tax court cases reach settlement prior to trial**

# Tax Court

## Disadvantages

- **You cannot go to tax court if you have already paid the tax in question**
- **Tax court meets infrequently and a result will take a long time**
- **Trial is typically calendared more than 6 months from the time a petition is filed**
- **Small cases often take a year to decide**

# Tax Court

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## Types of Tax Court

# Tax Court

## **Small Tax Court (S Case) Proceedings**

- **Cases sent to Office of Appeals**
- **Cases can not exceed liability of \$50,000 per year**
- **Nominal filing fee**
- **Taxpayer will receive notice of trial, standing pre-trial order and trial memorandum**
- **IRS counsel may request meeting to discuss the case**

# Tax Court

## **Small Tax Court (S Case) Proceedings**

- **Burden of proof is on the taxpayer**
- **Judge may render decision at trial or by mail**
- **Court will send bill for remaining taxes**
- **Legal briefs typically not necessary**
- **Findings can not be appealed to Court of Appeals**

# Tax Court

## Regular Tax Court Proceedings

- **Most cases settle before trial**
- **Nominal filing fee**
- **Requires submission of legal briefs by IRS and taxpayer**
- **May request reclassification as an S Case if taxpayer is willing to waive right to contest tax assessed above \$50,000**

# US Tax Court Petition Package (page 1 of 5)

## Information About Filing a Case in the United States Tax Court

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Attached are the forms to use in filing your case in the United States Tax Court.

It is very important that you take time to carefully read the information on this page and that you properly complete and submit these forms to the United States Tax Court, 400 Second Street, N.W., Washington, D.C. 20217.

### Small Tax Case or Regular Tax Case

If you seek review of one of the four types of IRS Notices listed in paragraph 1 of the petition form (Form 2), you may file your petition as a "small tax case" if your dispute meets certain dollar limits (described below). "Small tax cases" are handled under simpler, less formal procedures than regular cases. However, the Tax Court's decision in a small tax case cannot be appealed to a Court of Appeals by the IRS or by the taxpayer(s).

You can choose to have your case conducted as either a small tax case or a regular case by checking the appropriate box in paragraph 4 of the petition form (Form 2). If you check neither box, the Court will file your case as a regular case.

Dollar Limits: Dollar limits for a small tax case vary slightly depending on the type of IRS action you seek to have the Tax Court review:

(1) If you seek review of an IRS Notice of Deficiency, the amount of the deficiency (including any additions to tax or penalties) that you dispute cannot exceed \$50,000 for any year.

(2) If you seek review of an IRS Notice of Determination Concerning Collection Action, the total amount of unpaid tax cannot exceed \$50,000 for all years combined.

(3) If you seek review of an IRS Notice of Determination Concerning Your Request for Relief From Joint and Several Liability (or if the IRS failed to send you any Notice of Determination with respect to a request for spousal relief that you submitted to the IRS at least 6 months ago), the amount of spousal relief sought cannot exceed \$50,000 for all years combined.

(4) If you seek review of an IRS Notice of Determination of Worker Classification, the amount in dispute cannot exceed \$50,000 for any calendar quarter.

### Enclosures

To help ensure that your case is properly processed, please enclose the following items when you mail your petition to the Tax Court:

1. A copy of the Notice of Deficiency or Notice of Determination the IRS sent you;
2. Your Statement of Taxpayer Identification Number (Form 4);
3. The Request for Place of Trial (Form 5); and
4. The \$60 filing fee, payable by check, money order, or other draft, to the "Clerk, United States Tax Court"; or, if applicable, the fee waiver form.

For further important information, see the Court's Web site at [www.ustaxcourt.gov](http://www.ustaxcourt.gov) or the "Persons Representing Themselves Before the U.S. Tax Court" booklet available from the Tax Court.

solutioninstitute.org



# US Tax Court Petition Package

(page 2 of 5)

UNITED STATES TAX COURT  
www.ustaxcourt.gov

These forms can be filled-in and printed directly from Acrobat Reader. However, please be aware that the information you enter on a form cannot be saved to disk unless you are using the full Adobe Acrobat software suite.

(FIRST) (MIDDLE) (LAST)  
 \_\_\_\_\_  
 (PLEASE TYPE OR PRINT) Petitioner(s)  
 v.  
 COMMISSIONER OF INTERNAL REVENUE,  
 Respondent

} Docket No.

To begin, move your mouse pointer over the Petitioner(s) name field. Your pointer will turn into a vertical beam, indicating that you are over an editable field. Simply click once and begin typing. Use the Tab key to move forward through the form fields (Shift+Tab to move backwards).

PETITION

- Please check the appropriate box(es) to show which IRS NOTICE(s) you dispute:
  - Notice of Deficiency
  - Notice of Determination Concerning Your Request for Relief From Joint and Several Liability. (If you requested relief from joint and several liability but the IRS has not made a determination, please see the Information for Persons Representing Themselves Before the U.S. Tax Court booklet or the Tax Court's Web site.)
  - Notice of Determination Concerning Collection Action
  - Notice of Determination Concerning Worker Classification
- Provide the date(s) the IRS issued the NOTICE(s) checked above and the city and State of the IRS office(s) issuing the NOTICE(S): \_\_\_\_\_
- Provide the year(s) or period(s) for which the NOTICE(S) was/were issued: \_\_\_\_\_
- SELECT ONE OF THE FOLLOWING:
  - If you want your case conducted under small tax case procedures, check here:  (CHECK ONE BOX)
  - If you want your case conducted under regular tax case procedures, check here:  (CHECK ONE BOX)

NOTE: A decision in a "small tax case" cannot be appealed to a Court of Appeals by the taxpayer or the IRS. If you do not check either box, the Court will file your case as a regular tax case.
- Explain why you disagree with the IRS determination in this case (please list each point separately):
 

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**US Tax  
Court  
Petition  
Package**  
(page 4 of 5)

\_\_\_\_\_  
Petitioner(s)  
v.  
COMMISSIONER OF INTERNAL REVENUE,  
Respondent

} Docket No.

STATEMENT OF TAXPAYER IDENTIFICATION NUMBER  
(E.g., Social Security number(s), employer identification number(s))

Name of Petitioner \_\_\_\_\_  
Petitioner's Taxpayer Identification Number \_\_\_\_\_  
Name of Additional Petitioner \_\_\_\_\_  
Additional Petitioner's Taxpayer Identification Number \_\_\_\_\_

If either petitioner is seeking relief from joint and several liability on a joint return pursuant to Section 6015, I.R.C. 1986, and Rules 320 through 325, name of the other individual with whom petitioner filed a joint return:

\_\_\_\_\_  
Taxpayer Identification Number of the other individual, if available:

\_\_\_\_\_  
SIGNATURE OF PETITIONER OR COUNSEL

\_\_\_\_\_  
DATE

\_\_\_\_\_  
SIGNATURE OF ADDITIONAL PETITIONER

\_\_\_\_\_  
DATE

# US Tax Court Petition Package

(page 5 of 5)

\_\_\_\_\_  
 Petitioner(s)

v.

COMMISSIONER OF INTERNAL REVENUE,  
 Respondent

\_\_\_\_\_ } Docket No.

REQUEST FOR PLACE OF TRIAL

PLACE AN "X" IN ONLY ONE BOX TO REQUEST THE PLACE OF TRIAL. IF PETITIONER(S) ELECTED TO HAVE THE CASE CONDUCTED AS A SMALL TAX CASE, REQUEST ANY CITY LISTED BELOW; OTHERWISE, REQUEST ANY CITY NOT MARKED WITH AN ASTERISK (\*).

- |  |  |   |
|--|--|---|
| ALABAMA                                | KANSAS                                 | OHIO                                    |
| <input type="checkbox"/> Birmingham    | <input type="checkbox"/> Wichita*      | <input type="checkbox"/> Cincinnati     |
| <input type="checkbox"/> Mobile        | KENTUCKY                               | <input type="checkbox"/> Cleveland      |
| ALASKA                                 | <input type="checkbox"/> Louisville    | <input type="checkbox"/> Columbus       |
| <input type="checkbox"/> Anchorage     | LOUISIANA                              | OKLAHOMA                                |
| ARIZONA                                | <input type="checkbox"/> New Orleans   | <input type="checkbox"/> Oklahoma City  |
| <input type="checkbox"/> Phoenix       | <input type="checkbox"/> Shreveport*   | OREGON                                  |
| ARKANSAS                               | MAINE                                  | <input type="checkbox"/> Portland       |
| <input type="checkbox"/> Little Rock   | <input type="checkbox"/> Portland*     | PENNSYLVANIA                            |
| CALIFORNIA                             | MARYLAND                               | <input type="checkbox"/> Philadelphia   |
| <input type="checkbox"/> Fresno*       | <input type="checkbox"/> Baltimore     | <input type="checkbox"/> Pittsburgh     |
| <input type="checkbox"/> Los Angeles   | MASSACHUSETTS                          | SOUTH CAROLINA                          |
| <input type="checkbox"/> San Diego     | <input type="checkbox"/> Boston        | <input type="checkbox"/> Columbia       |
| <input type="checkbox"/> San Francisco | MICHIGAN                               | SOUTH DAKOTA                            |
| COLORADO                               | <input type="checkbox"/> Detroit       | <input type="checkbox"/> Aberdeen*      |
| <input type="checkbox"/> Denver        | MINNESOTA                              | TENNESSEE                               |
| CONNECTICUT                            | <input type="checkbox"/> St. Paul      | <input type="checkbox"/> Knoxville      |
| <input type="checkbox"/> Hartford      | MISSISSIPPI                            | <input type="checkbox"/> Memphis        |
| DISTRICT OF COLUMBIA                   | <input type="checkbox"/> Jackson       | <input type="checkbox"/> Nashville      |
| <input type="checkbox"/> Washington    | MISSOURI                               | TEXAS                                   |
| FLORIDA                                | <input type="checkbox"/> Kansas City   | <input type="checkbox"/> Dallas         |
| <input type="checkbox"/> Jacksonville  | <input type="checkbox"/> St. Louis     | <input type="checkbox"/> El Paso        |
| <input type="checkbox"/> Miami         | MONTANA                                | <input type="checkbox"/> Houston        |
| <input type="checkbox"/> Tallahassee*  | <input type="checkbox"/> Billings*     | <input type="checkbox"/> Lubbock        |
| <input type="checkbox"/> Tampa         | <input type="checkbox"/> Helena        | <input type="checkbox"/> San Antonio    |
| GEORGIA                                | NEBRASKA                               | UTAH                                    |
| <input type="checkbox"/> Atlanta       | <input type="checkbox"/> Omaha         | <input type="checkbox"/> Salt Lake City |
| HAWAII                                 | NEVADA                                 | VERMONT                                 |
| <input type="checkbox"/> Honolulu      | <input type="checkbox"/> Las Vegas     | <input type="checkbox"/> Burlington*    |
| IDAHO                                  | <input type="checkbox"/> Reno          | VIRGINIA                                |
| <input type="checkbox"/> Boise         | NEW MEXICO                             | <input type="checkbox"/> Richmond       |
| <input type="checkbox"/> Pocatello*    | <input type="checkbox"/> Albuquerque   | <input type="checkbox"/> Roanoke*       |
| ILLINOIS                               | NEW YORK                               | WASHINGTON                              |
| <input type="checkbox"/> Chicago       | <input type="checkbox"/> Albany*       | <input type="checkbox"/> Seattle        |
| <input type="checkbox"/> Peoria*       | <input type="checkbox"/> Buffalo       | <input type="checkbox"/> Spokane        |
| INDIANA                                | <input type="checkbox"/> New York City | WEST VIRGINIA                           |
| <input type="checkbox"/> Indianapolis  | <input type="checkbox"/> Syracuse*     | <input type="checkbox"/> Charleston     |
| IOWA                                   | NORTH CAROLINA                         | WISCONSIN                               |
| <input type="checkbox"/> Des Moines    | <input type="checkbox"/> Winston-Salem | <input type="checkbox"/> Milwaukee      |
|  | NORTH DAKOTA                           | WYOMING                                 |
|  | <input type="checkbox"/> Bismarck*     | <input type="checkbox"/> Cheyenne*      |

\_\_\_\_\_  
 Signature of Petitioner(s) or Counsel

\_\_\_\_\_  
 Date

# Tax Court

## Who can file a petition?

- **Any person who has received a notice of deficiency**
- **Any person who has received a notice of determination**
- **In some instances a petition may be filed for relief from joint and several liability (innocent spouse relief)**

# Tax Court

## Who can appear in tax court?

- **A private attorney**
- **A non-attorney admitted to practice in tax court**
- **A taxpayer without representation**

# **Offers and Appeals**

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## **Questions and Answers**

# **Today's Low Hanging Fruit**

103

**Represent your client in a Trust  
Fund Recovery Penalty 4180  
interview...earn \$5,000 more**

**“Sell knowledge not time...”**



# Summary of Topics Covered

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- Offers in Compromise
- Offer in Compromise Appeals
- General Appeal Process

## **Our mission today...**

- 1) Help you make money**
- 2) Teach you how to become a tax resolution specialist;**
- 3) Become your tax resolution partner; or**
- 4) Become your trusted referral source**

Find us on the web at: [www.taxresolutioninstitute.org](http://www.taxresolutioninstitute.org)

Email us at: [info@taxresolutioninstitute.org](mailto:info@taxresolutioninstitute.org)

Call us at: (800) 747-8718

**I'm Peter Stephan....**

access your free content at [www.taxresolutioninstitute.org/120a](http://www.taxresolutioninstitute.org/120a)

**...and this is TRI**

access your free content at  
[www.taxresolutioninstitute.org/1702](http://www.taxresolutioninstitute.org/1702)