



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

SMALL BUSINESS/SELF-EMPLOYED DIVISION

February 2, 2009

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MEMORANDUM FOR DIRECTORS, COLLECTION AREA OPERATIONS  
DIRECTOR, CAMPUS COMPLIANCE OPERATIONS  
(BROOKHAVEN)  
(MEMPHIS)

FROM: Frederick W. Schindler /s/ Laura Hostelley (*for*)  
Director, Collection Policy

SUBJECT: Interim Guidance for an Offer to Compromise an Accepted Offer

The purpose of this memorandum is to issue interim guidance for an offer to compromise an accepted offer in compromise (OIC). The guidance in this memorandum supersedes guidance in IRM 5.8.9.4.2 (2) and 5.8.9.4.2(4). Please ensure this information is distributed to all affected employees. These guidelines will become effective February 9, 2009.

When the monitoring campuses receive a proposal to change the payment terms of an accepted offer or receive a formal proposal to compromise an accepted offer, the monitoring campus is required to send an Other Investigation (OI) to the office of jurisdiction that initially accepted the offer for consideration (OIC Field function, Centralized OIC (COIC) or Appeals).

Although taxpayers are not required to use a specific offer form, i.e. Form 656, to submit a proposal they are required to submit the proposal in writing. The proposal will be forwarded with the OI to the office that will conduct the investigation. Taxpayers are not required to include a 20 percent payment or periodic payments with the proposal.

Employees will secure and review the taxpayer's updated financial information and supporting documentation and negotiate the terms of the proposal based on the taxpayer's financial situation. The terms available are the same as the terms offered on Form 656 (rev 02/2007), i.e. lump sum cash or periodic payment, regardless of the original offer IRS received date. Employees must adhere to IRM 5.8.9.4.3 when considering a proposal for an offer on an offer and IRM 5.8.9.4.4 when closing the investigation. The investigating office will provide Monitoring Offer in Compromise Unit (MOIC) with the revised terms of the accepted offer. The offer will not be open on the Automated Offer in Compromise System (AOIC), and therefore no documentation will be necessary on AOIC. If the taxpayer's proposal is not acceptable, the investigating office will advise MOIC to proceed with the default of the original offer.

These procedures will be incorporated into IRM 5.8.9 Possible Actions on Accepted Offers. If you have any questions, please feel free to contact me, or a member of your staff may contact Diana Estey. Territory personnel should direct any questions, through their management staff to the appropriate Area contact.

cc: Chief Appeals  
National Taxpayer Advocate  
[www.irs.gov](http://www.irs.gov)