



IRS Offer in Compromise Program: an Option for Struggling Taxpayers

If a taxpayer is unable to pay their tax liability in a lump sum or through an installment agreement and they have exhausted their search for other payment arrangements, they may be a candidate for an offer in compromise.

An offer in compromise is an agreement between a taxpayer and the Internal Revenue Service that settles the taxpayer's tax liabilities for less than the full amount owed. Absent special circumstances, the IRS will not accept an offer if the agency believes the liability can be paid in full as a lump sum or through an installment agreement.

OICs are subject to acceptance based on legal requirements. The IRS looks at the taxpayer's income and assets to make a determination regarding the taxpayer's ability to pay.

The [Form 656 Booklet, *Offer in Compromise*](#), contains information and all of the forms necessary to file an OIC.

Information about installment agreement options is available on [IRS.gov](#) and is included for taxpayers who do not qualify for an offer in compromise.

Additional Resources:

- [What is an Offer in Compromise?](#)
- [IRS Announces New Effort to Help Struggling Taxpayers Get a Fresh Start; Major Changes Made to Lien Process](#)
- [Streamlined Offer in Compromise Program](#)