



State of California
Board of Equalization

Offer In Compromise Application

What you should know before preparing an Offer in Compromise Application

Are you an OIC candidate?

The Offer in Compromise (OIC) program is for taxpayers/feepayers (hereinafter called “taxpayers”) that do not have, and will not have in the foreseeable future, the income, assets or means to pay their tax liabilities. This program allows a taxpayer to offer a lesser amount for payment of a **non-disputed final tax liability on a closed-out permit. The Board of Equalization (Board) will not entertain an Offer in Compromise on an active permit or for a taxpayer who is involved in the same business or a similar business. A taxpayer wishing to compromise a liability through the OIC process must no longer own the personal property that incurred the tax that could result in an additional tax or fee assessment.**

Generally, we approve an Offer in Compromise when **the amount offered represents the most we can expect to receive from the taxpayer’s current income or assets.**

Although each case is evaluated based on its own unique set of facts and circumstances, we give the following factors strong consideration:

- The taxpayer’s ability to pay
- The amount of equity in the taxpayer’s assets
- The taxpayer’s present and future income
- The taxpayer’s present and future expenses
- The potential for changed circumstances

Can we process your application?

We will only process your Offer in Compromise Application if you meet the following criteria:

- You are no longer associated with the business that incurred the liability to which the offer applies. This includes operating the same type or similar business.
- You have fully completed the Offer in Compromise Application and provided all supporting documentation.

If you have been assessed a fraud penalty, a minimum offer of the outstanding tax and fraud penalty is required for processing. However, if you have been convicted of felony tax evasion, an offer will not be considered.

Will we require you to continue payments on an installment payment agreement?

Yes, we will require you to continue making periodic payments as called for in any existing installment payment agreement while your offer is being considered. The Board will strive to process your offer and provide a decision within 180 days of receiving a completed application along with the required documentation.

Are collections suspended?

Collection action will usually be suspended until the Offer in Compromise evaluation is completed. However, if delaying collection activity jeopardizes our ability to collect the tax, we may continue with collection efforts.

When should offered funds be submitted?

The OIC Section will request that the offered funds be submitted at the time your offer is formally considered. The funds will be held in the form of a deposit, and will be refunded to you if your offer is denied. Credit interest will not be paid to you on the deposited amount if your offer is denied.

The following documentation must be submitted with your *Offer in Compromise Application* or your application may be returned as incomplete. **Please submit copies only.** We will **not** return any documents that you send us. Additional documentation may be required and requested as the evaluation of the Offer in Compromise proceeds.

Check List of Required Items *(Check only those boxes that apply.)*

Please read the required Privacy Notice (BOE-324-OIC).

- Verification of Income**
Pay stubs for the past three months or financial statements for the past two years if you are self-employed *(Please include total household income.)*
- Verification of Expenses**
Billing statements for the last three months *(Please include copies of charge card statements, bills from other creditors and personal loan statements.)*
- Bank Information**
Bank statements for savings and checking accounts for the last six months *(If you are self-employed, provide bank statements for the last twelve months. Please include bank statements for any accounts that have been closed within the last two years.)*
- Investment Information**
Investment account statements showing the value of stocks, bonds, mutual funds and/or retirement or profit sharing plans (IRA, 401K, Keogh, Annuity)
- Current Lease or Rental Agreements**
(Please include all lease agreements, including property where you are the lessor or lessee.)
- Real Property Information**
Mortgage statements and escrow statements for property you currently own, or property you sold or gifted in the last five years *(Please include quit claim deed transfers and property held in trust. If a trust exists, please provide a copy of all trust documents.)*
- IRS/FTB Information**
Complete copies of Internal Revenue Service (IRS) or Franchise Tax Board (FTB) returns for the past three years
(If applicable, please include a copy of IRS, FTB, or EDD OIC and acceptance letter or other IRS/FTB/EDD arrangements.)
- Legal Documents**
Marital settlement agreements, divorce decrees, marital property settlements, trust documents, and bankruptcy documents
- Medical Documentation**
Physician's letter and/or other documents to show any medical condition that should be considered
- Power of Attorney** (If you have representation)
If a designated representative submits this offer, attach the appropriate power of attorney (POA) form. (BOE-392, *Power of Attorney*, may be used.)

Submit your completed and signed application to your designated Board compliance representative.

If you have questions, other than those addressed on the last page of this booklet, please contact your Board compliance representative.

Please complete all blocks, except shaded areas. Write "N/A" (Not Applicable) in those blocks that do not apply. Information should be typed or printed.

SECTION 1. BASIS FOR THE OFFER

The following facts and reasons are submitted as grounds for consideration and acceptance of this offer. (Attach additional pages as needed.)

SECTION 2. SOURCE OF FUNDS

If any or all of the amount being offered is from a loan, please provide the following information:

LENDER'S NAME	PHONE NUMBER ()
STREET ADDRESS (city, state, zip code)	TOTAL AMOUNT OF THE LOAN \$
DESCRIBE THE SOURCE(S) OF THE OFFERED FUNDS (If the offered funds are from a loan, please describe how you intend to repay the loan.)	

If this Offer in Compromise is denied, the Board is to:

- Retain any amount deposited and credit it to the current tax liability.
- Return the amount deposited.

SECTION 3. OFFER AMOUNT

AMOUNT OWED TO THE BOARD OF EQUALIZATION	PERIOD(S) OF LIABILITY	BOE ACCOUNT NUMBER(S)
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The sum of \$ is offered in compromise. (The Board will instruct you when to mail the offer amount. **Do not send money now.**)

It is understood that this offer will be considered and acted upon as quickly as possible. It does not relieve the taxpayer(s) of the liability sought to be compromised until the Board accepts the offer and there has been full compliance with all agreements. The Board may continue collection activities at its discretion.

Except for any amount deposited in connection with this offer, it is agreed that the Board will retain all payments and credits made to the account for the periods covered by this offer. In addition, prior to the offer being accepted, the Board will retain any and all amounts to which the taxpayer(s) may be entitled under the California law, due through overpayments of tax, penalty or interest, not to exceed the liability.

It is further agreed that upon notice to the taxpayer(s) of the acceptance of the offer, the taxpayer(s) shall have no right to contest, in court or otherwise, the amount of the liability sought to be compromised. No liability will be compromised until all obligations of each taxpayer under the compromise agreement are completely performed. In the event of a default by the taxpayer(s) on the agreement, it is agreed that the Board may disregard the amount of the offer and retain all amounts previously deposited under the offer and proceed to collect the balance of the original liability.

Under penalty of perjury, I declare that I have examined the information given in this statement, and all other documents included with this offer, and to the best of my knowledge and belief, they are true, correct, and complete.

APPLICANT <i>(please print)</i>	CO-APPLICANT <i>(please print)</i>	DATE
APPLICANT <i>(signature)</i> 	CO-APPLICANT <i>(signature)</i> 	DATE

PROCESSING ACCEPTED OFFERS

Recommendations to accept offers for sales and use taxes, underground storage fuel tax, and use fuel tax where the compromise is less than \$7,500 in tax will be forwarded to the Board’s Legal Division and the Executive Director for a decision. Recommendations to accept offers where the compromise is more than \$7,500 in tax will be forwarded to the Legal Department, Executive Director, and to the Board Members for a decision to be determined at a Board meeting. Recommendations to accept offers for all other tax and fee programs are handled by the Attorney General’s Office (there are fees associated with the legal filing of the offer and you may be contacted for these fees).

PROCESSING DENIED OFFERS

If we reject or deny the offer, we will refund any deposit already obtained or apply it to the liability at the request of the taxpayer with an effective date as the date the funds were received. No interest will be granted on returned deposits. If a third party has posted the deposited amount, staff must get written permission from the third party to apply the deposit. The case will be returned to the district with a recommendation for case handling.

There is no formal appeal process for rejected or denied offers in compromise.

Note: Complete all blocks**SECTION 4. PERSONAL INFORMATION**

NAME (first, middle initial, last)		SOCIAL SECURITY NUMBER	DATE OF BIRTH
ALL OTHER NAMES OR ALIASES EVER USED			
SPOUSE/REGISTERED DOMESTIC PARTNER (first, middle initial, last)		SOCIAL SECURITY NUMBER	DATE OF BIRTH
ALL OTHER NAMES OR ALIASES EVER USED BY YOUR SPOUSE/REGISTERED DOMESTIC PARTNER			
TAXPAYER'S DRIVER LICENSE NUMBER		STATE	
SPOUSE'S/REGISTERED DOMESTIC PARTNER'S DRIVER LICENSE NUMBER		STATE	
CURRENT ADDRESS (street, city, state, zip code)			
PREVIOUS ADDRESS (if at current address less than two years)			PHONE NUMBER ()

DEPENDENT (Attach additional pages as needed.)

DEPENDENT'S NAME	DATE OF BIRTH	SOCIAL SECURITY NUMBER	RELATIONSHIP

SECTION 5. EMPLOYMENT INFORMATION

If you are self-employed and are involved in the same or a similar business as the one that incurred this liability, please discontinue completing the application because you do not qualify for the OIC Program.

TAXPAYER'S EMPLOYER OR BUSINESS (name and address)			BUSINESS PHONE NUMBER ()
HOW LONG EMPLOYED	YEAR(S)	MONTH(S)	OCCUPATION
<input type="checkbox"/> Wage earner <input type="checkbox"/> Sole proprietor <input type="checkbox"/> Partner			
PAID <input type="checkbox"/> Weekly <input type="checkbox"/> Biweekly <input type="checkbox"/> Monthly <input type="checkbox"/> Semimonthly			NUMBER OF EXEMPTIONS CLAIMED ON FORM W-4 OR DE-4
SPOUSE'S/REGISTERED DOMESTIC PARTNER'S EMPLOYER OR BUSINESS (name or address)			BUSINESS PHONE NUMBER ()
HOW LONG EMPLOYED	YEAR(S)	MONTH(S)	OCCUPATION
<input type="checkbox"/> Wage earner <input type="checkbox"/> Sole proprietor <input type="checkbox"/> Partner			
PAID <input type="checkbox"/> Weekly <input type="checkbox"/> Biweekly <input type="checkbox"/> Monthly <input type="checkbox"/> Semimonthly			NUMBER OF EXEMPTIONS CLAIMED ON FORM W-4 OR DE-4

SECTION 6. GENERAL FINANCIAL INFORMATION

BANK ACCOUNTS (Include IRA and retirement plans, certificates of deposit, etc. Attach additional pages as needed.)

NAME OF INSTITUTION	ADDRESS	TYPE	DATE OPENED	ACCOUNT NUMBER	BALANCE
TOTAL [Enter this amount on line 2, section 7 (Asset and Liability Analysis)]>>					

VEHICLES (Please list all vehicles registered in your, your spouse's, or your registered domestic partner's name. Attach additional pages as needed.)

YEAR, MAKE, MODEL, LICENSE NUMBER	PURCHASE PRICE	LENDER/PINK SLIP HOLDER	CURRENT MARKET VALUE	CURRENT PAYOFF	AVAILABLE EQUITY
TOTAL [Enter this amount on line 3, section 7 (Asset and Liability Analysis)]>>					

LIFE INSURANCE (Attach additional pages as needed.)

NAME OF INSURANCE COMPANY	AGENT'S NAME	POLICY NUMBER	TYPE	FACE AMOUNT	LOAN/CASH SURRENDER VALUE
TOTAL [Enter this amount on line 4, section 7 (Asset and Liability Analysis)]>>					

CHARGE CARDS AND LINES OF CREDIT (Attach additional pages as needed.)

TYPE OF ACCOUNT	NAME AND ADDRESS OF CREDIT GRANTOR	MIN. MONTHLY PAYMENT	AMOUNT OWED
TOTAL >>			
TOTAL [Enter this amount on line 22, section 7 (Asset and Liability Analysis)]>>			

SECTION 6. GENERAL FINANCIAL INFORMATION *(continued)*

SECURITIES *(Stocks, bonds, mutual funds, money market funds, securities, securities held in a trust, etc. Attach additional pages as needed.)*

TYPE	BROKERAGE NAME	OWNER OF RECORD	QUANTITY OR DENOMINATION	CURRENT VALUE
TOTAL [enter this amount on line 5, section 7 (Asset and Liability Analysis)]>>				

REAL PROPERTY *(Include a copy of the deed and list quit claims within the last five years. Attach additional pages as needed.)*

A) PHYSICAL ADDRESS AND DESCRIPTION <i>(single family dwelling, multi-family dwelling, lot, etc.)</i>	PARCEL NUMBER
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MORTGAGE LENDER'S NAME AND ADDRESS

HOW IS TITLE HELD	PURCHASE PRICE \$	PURCHASE DATE
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B) PHYSICAL ADDRESS AND DESCRIPTION <i>(single family dwelling, multi-family dwelling, lot, etc.)</i>	PARCEL NUMBER
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MORTGAGE LENDER'S NAME AND ADDRESS

HOW IS TITLE HELD	PURCHASE PRICE \$	PURCHASE DATE
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C) PHYSICAL ADDRESS AND DESCRIPTION <i>(single family dwelling, multi-family dwelling, lot, etc.)</i>	PARCEL NUMBER
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MORTGAGE LENDER'S NAME AND ADDRESS

HOW IS TITLE HELD	PURCHASE PRICE \$	PURCHASE DATE
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Please provide other information relating to your financial condition. If "yes" is checked, please provide dates, explanation, and documentation. Documentation should cover the last three years.

COURT PROCEEDINGS	
<input type="checkbox"/> Yes <input type="checkbox"/> No	
REPOSSESSIONS	
<input type="checkbox"/> Yes <input type="checkbox"/> No	
BANKRUPTCIES/RECEIVERSHIPS	
<input type="checkbox"/> Yes <input type="checkbox"/> No	
RECENT TRANSFER OF ASSETS	
<input type="checkbox"/> Yes <input type="checkbox"/> No	
BENEFICIARY OF TRUST, ESTATE, PROFIT SHARING, ETC.	
<input type="checkbox"/> Yes <input type="checkbox"/> No	
ANTICIPATED INCREASE IN INCOME	
<input type="checkbox"/> Yes <input type="checkbox"/> No	

List any vehicles, equipment, or property sold, given away, or repossessed during the past three years.

DESCRIPTION YEAR, MAKE, MODEL OF VEHICLE OR PROPERTY ADDRESS	WHO TOOK TITLE OR POSSESSION	VALUE

SECTION 7. ASSET AND LIABILITY ANALYSIS**IMMEDIATE ASSETS**

1. Cash	
2. Bank Accounts/Balance <i>(from section 6)</i>	
3. Vehicles/Available Equity <i>(from section 6)</i>	
4. Loan/Cash Surrender Value of Life Insurance <i>(from section 6)</i>	
5. Securities <i>(from section 6)</i>	
6. Assets Held in a Living Trust <i>(from section 6)</i>	
TOTAL IMMEDIATE ASSETS >>	

REAL PROPERTY *(from section 6)*

ADDRESS OR LOCATION	CURRENT MARKET VALUE	MORTGAGE PAYOFF AMOUNT	EQUITY
7. A)			
8. B)			
9. C)			
TOTAL EQUITY >>			

OTHER ASSETS *(Please include names and addresses. A separate listing may be attached if necessary.)*

10. Notes	
11. Accounts Receivable	
12. Judgments/Settlements Receivable	
13. Aircraft, Watercraft <i>(please list CF No. or Hull ID No.)</i>	
14. Interest in Trusts	
15. Interest in Estates	
16. Partnership Interests	
17. Other Assets <i>(include description)</i>	
18. Other Assets	
19. Other Assets	
20. Other Assets	
TOTAL OTHER ASSETS >>	

21. **Sum Total of Assets (Immediate, Equity and Other)**

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CURRENT LIABILITIES *(Include judgments, notes, and other charge accounts. Do NOT include vehicle or home loans.)*

22. Lines of Credit [amount owed] <i>(from section 6)</i>	
23. Taxes Owed to IRS <i>(provide a copy of recent notices)</i>	
24. Other Liabilities <i>(include description)</i>	
25. Other Liabilities	
26. Other Liabilities	
27. Other Liabilities	
TOTAL LIABILITIES >>	

SECTION 8. MONTHLY INCOME AND EXPENSE ANALYSIS

INCOME	GROSS	NET	BOE USE ONLY
28. Wages/Salaries (Taxpayer)			
29. Pension (Taxpayer)			
30. Overtime/Bonuses/Commissions (Taxpayer)			
31. Wages/Salaries (Spouse/Reg. Domestic Partner)			
32. Pension (Spouse/Reg. Domestic Partner)			
33. Overtime/Bonuses/Commissions (Spouse/Reg. Domestic Partner)			
34. Business Income (Taxpayer or Spouse/Reg. Domestic Partner)			
35. Rental Income			
36. Interest/Dividends/Royalties (Average Monthly)			
37. Payments from Trusts/Partnerships/Entities			
38. Child Support			
39. Alimony			
40. Unemployment			
41. Disability			
42. Other Income <i>(include description)</i>			
43. Other Income			

TOTAL HOUSEHOLD INCOME >>

EXPENSES *(Please pro-rate expenses if household expenses are shared and if income is not provided in items 28-43.)*

	AMOUNT	BOE USE ONLY
44. Rent/Mortgage		
45. Real Estate Taxes		
46. Home Insurance: () Association Fees: ()		
47. Groceries, number of people: ()		
48. Utilities		
49. Electric: () Phone: ()		
50. Gas: () Water : ()		
51. Trash: () Sewer: ()		
52. Auto Payments		
53. Auto Insurance		
54. Gasoline, Number of Miles to Work: ()		
55. Life/Health Insurance <i>(if not deducted from your paycheck)</i>		
56. Medical Payments <i>(not covered by insurance)</i>		
57. Estimated Tax Payments <i>(if not deducted from your paycheck)</i>		
58. Court Ordered Payments <i>(alimony, child support, restitution)</i>		
59. Garnishments <i>(if not deducted from your paycheck)</i>		
60. Delinquent Tax <i>(non-BOE)</i>		
61. Credit Card Payments <i>(total monthly minimum)</i> from section 6		
62. Other Expenses <i>(include description)</i>		
63. Other Expenses		
TOTAL HOUSEHOLD EXPENSES >>	<input style="width: 100px;" type="text"/>	<input style="width: 100px; background-color: #cccccc;" type="text"/>

Please provide documentation and verification of income and expenses listed above.

64. NET DIFFERENCE (TOTAL INCOME LESS EXPENSES)

Questions and Answers

Q What does the Board of Equalization consider a fair Offer in Compromise in relation to the amount due?

A Generally, an Offer in Compromise will be accepted when the amount offered is more than the Board can expect to collect within a reasonable period of time, typically from five to seven years.

Q How long will it take to get a decision on my OIC?

A Generally, if we accept your offer for processing, we will have a decision to you within 180 days after receiving your Offer in Compromise. If your account is more complex, it may take longer than 180 days.

Q Can I make installment payments on the offered amount?

A No. We require full payment of the offered amount before we will forward the Offer in Compromise for final consideration.

Q Can prior payments be applied to the offered amount?

A No. Prior payments are not accepted towards the offered amount. However, prior payments and the offered amount compared to the total liability are taken into consideration when evaluating your Offer in Compromise.

Q My IRS/FTB OIC has been accepted. Will the Board automatically approve my Offer in Compromise?

A No. Your Board offer will be evaluated separately from your IRS or FTB offer, and generally, if the amount of the offer represents the most that we can expect to collect within a reasonable period of time, we will accept your Offer in Compromise.

Q If the Board determines that my Offer in Compromise is not acceptable, will I be contacted?

A Yes. A letter informing you of our discussion will be sent to you. We may also contact you to discuss your account and to determine the most appropriate resolution. For example, if we determine that you have the ability to make monthly payments that will exceed the amount offered, we will work with you to establish an installment payment agreement that will allow you to pay the liability in full over time.

Q Will state tax liens be released if my Offer in Compromise is accepted?

A We release state tax liens upon final approval of your Offer in Compromise. If another partner existed on the permit, that person's liability will not be canceled nor will the lien be released. A partial release will be issued to release you from the effects of the lien.

Q Do I need to have someone represent me?

A Representation is not required. Offer in Compromise is available to all taxpayers, whether or not they are represented. If you think you need representation, there are many tax professionals who have experience with the OIC process.

Q Can I get relief from the tax liability by filing bankruptcy?

A Part or all of your taxes may be dischargeable under the bankruptcy code. If this is a consideration, you may want to seek legal advice.

Q If my Offer in Compromise is rejected, can I choose to apply the deposit to my liability?

A Yes. If you choose to do so, the effective date of the payment is the date the deposit was made. If the deposit was posted by a third party, we must obtain their approval before applying the payment.

Q Will collection action be suspended while my offer is being evaluated?

A Usually, if we are in receipt of a relatively complete application. You may also be required to continue payments if you are currently in an Installment Payment Agreement. If delaying collection activity jeopardizes our ability to collect the tax, we may continue with collection efforts.