



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, DC 20224

SMALL BUSINESS/SELF-EMPLOYED DIVISION

March 28, 2025

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Expiration Date: **03-28-2027**

Affected IRM: **1.4.52, 5.8.1, 5.8.2, 5.8.3, 5.8.4,
5.8.7, 5.8.8, 5.19.7, and 5.19.24**

MEMORANDUM FOR: DIRECTOR, SPECIALTY COLLECTION OFFER IN
COMPROMISE (SCOIC)

FROM:

Thomas Kramer,

Director, Collection Policy

Thomas D. Kramer

Digitally signed by Thomas D.
Kramer
Date: 2025.03.28 09:58:08 -0700

SUBJECT:

Interim Guidance on Securing, Processing Original Offers in
Compromise via Individual Online Account (IOLA), and Working
Electronic Cases

Purpose: This memorandum issues procedural guidance on securing Form 656, Offer in Compromise, and Form 433-A(OIC), Collection Information Statement for Wage Earners and Self-Employed Individuals, with attachments for original offer processing through Individual Online Account (IOLA) and working electronic Offers in Compromise (OIC). Please distribute this information to all affected employees within your organization.

Background/Source(s) of Authority: The Inflation Reduction Act necessitates that the IRS migrate from paper files to electronic files. Additionally, the National Archives and Records Administration (NARA) compliance initiative requires the IRS to manage permanent records electronically.

Currently, taxpayers submit OICs by mailing paper Form 656 and Form 433-A(OIC) with attachments and required initial payments (if they do not qualify for the Low-Income Waiver) to Centralized Offer in Compromise (COIC) located in Memphis and Brookhaven.

Procedural Change: Individual taxpayers may now determine their eligibility and start the Offer in Compromise process via IOLA. Taxpayers may submit their initial Form 656 and Form 433-A (OIC) with any attachments, related fees, and initial payments using this online system. IOLA allows taxpayers to securely access their Individual Master File (IMF) account information through *IRS.gov/account*. Taxpayers using IOLA can run an OIC Eligibility check and securely input their information into an IOLA OIC Electronic Pre-Qualifier Tool (OIC PQT). The IOLA OIC PQT will assist taxpayers in calculating their preliminary OIC amount. SCOIC clerks and process examiners (PE) will now process

original Forms 656 sent by taxpayers through IOLA. Initially, these electronic submissions will be routed through the Document Upload Tool (DUT) and later to other electronic systems [such as Digital Inventory Management (DIM)]. The new process will better protect personally identifiable information (PII) and improve OIC processing times, reduce interruptions in workflow, and reduce the risk of lost case files that result from mailing paper forms. This procedure will make filing OICs easier and more convenient for taxpayers who have come to expect the ability to electronically file documents and interact with organizations online. It will also prevent taxpayers from submitting an OIC through IOLA if they are in bankruptcy, have delinquent Form 1040 tax returns, have no balance due, or already have an open OIC.

IOLA includes a payment platform that allows taxpayers to submit their OIC fee and payment(s) electronically (via EFTPS). The programming defaults the payment to the earliest CSED. The taxpayer may choose to designate the Tax Increase and Prevention Reconciliation Act of 2005 (TIPRA) payment in IOLA to a specific tax period prior to the offer acceptance.

Note: Current IOLA programming posts payments on MFT 55 as DPC 99 and the PE/TE must prepare a credit transfer to correct this DPC.

Due to the move to electronic case files, PEs will no longer note the need for mirroring and manual TC 480 on the outside of a paper OIC file. PEs will annotate in the AOIC remarks the need for mirroring and manual TC 480 inputs.

MOIC employees will pull case information and associate required monitoring documents using the SCOIC Electronic Approval SharePoint site and Digital Content Retrieval [(DCR) "As Received-DCR"], or other platform if created in the future, as we move to electronic case files and away from paper. Manually monitored offers will not be maintained electronically.

SCOIC PEs and clerks uploading documents will use the following naming convention:
18100XXXXXXX-Assignment#-CCC#
17100XXXXXXX-Assignment#-CCC#

Offer examiners, offer specialists, and tax examiners needing to upload any additional documents will use the scanner file name (currently found on DCR).

Effect on Other Documents: This guidance (including the **bolded** sections in the attachment) will be incorporated into the applicable IRM sections of 1.4.52, 5.8.1, 5.8.2, 5.8.3, 5.8.4, 5.8.7, 5.8.8, 5.19.7, and 5.19.24 within two years from the date of this memorandum.

Effective Date: This interim guidance is effective March 28, 2025.

Contact: Direct any questions regarding this memorandum to Diana Estey, National OIC Program Manager, or a member of your staff may contact Adele Muller, Senior Program Analyst, OIC Collection Policy.

Cc:

Director, Headquarters Collection

Director, Collection

Director, Collection Operations – Quality and Technical Support

National Taxpayer Advocate Service

Office of Chief Counsel

Independent Office of Appeals

IRS.gov

Attachment to Interim Guidance: SBSE- 05-0325-0002

Interim Guidance on Securing, Processing Original Offers in Compromise via Individual Online Account (IOLA), and Working Electronic Cases

1.4.52.2, Responsibilities of an Offer in Compromise Manager

Add: to table in (2): **Applicable managers or designee must check the DUT Admin (or other future system deployments such as DIM) weekly for any electronic offer submission received through IOLA. Ensure offers received electronically are loaded to AOIC timely.**

5.8.1.14 , Initial Receipt of Offers

(1) The appropriate COIC site, based on the taxpayer's state of residence, must process all initial offer receipts.

- **Taxpayers may submit original OIC submissions electronically via IOLA or the taxpayer/representative must mail them to Brookhaven or Memphis based on the type of OIC and state of the taxpayer's residence. IOLA is an online system that allows taxpayers to securely access their IMF account information through IRS.gov. Please refer to OIC Centralized Service Center Locations for a complete state listing for offers submitted by mail.**

(3) An individual taxpayer may submit an original Form 656 online via IOLA. Taxpayers/representatives may mail Form 656 to one of the two COIC approved locations above, where PEs make the processability determinations and sign the Form 656 waivers of the statutory periods on behalf of the IRS. Unsolicited offers may not be faxed, e-mailed, or sent to the IRS by electronic methods other than through IOLA. See IRM 5.8.1.14.1 below.

(4) Original Form 656 submitted via IOLA must be pulled from DUT [or other future system deployments (such as DIM)] and processed daily using the IRS received date per IRM 3.13.2.2.5, Enterprise Electronic Fax (EEFax). Once pulled from DUT, the PE must load the offer on AOIC and make a processability determination. See IRM 5.8.2.4. Once loaded on AOIC, the PE will upload the documents onto the electronic storage platform (currently DEP/DCR) for electronic storage attaching the Summary Screen from AOIC as the first page of each upload.

Note: Do not print these offer packages. SCOIC will store these offers electronically in the electronic storage platform (currently DEP/DCR). There is no need to prepare a paper case file.

5.8.1.14.1 , Initial Receipts of Offers Received Elsewhere in the IRS

(1) An offer that is received elsewhere by an IRS employee (including a field revenue officer) **must** be forwarded to the appropriate COIC site for processing within 24 hours of receipt. You may date stamp the form, but do not date stamp in the IRS Received Date section titled, "COIC Use Only". The Form 656, Offer in Compromise, the application fee and any applicable TIPRA payments (20% of offer amount for lump sum cash offers or first proposed payment for periodic payment offers), as well as any documents submitted with the offer, must be included. The information should be sent to the appropriate COIC site using Form 3210, Document Transmittal, and must be sent by traceable methods if an application fee and/or payment is attached. Please refer to SERP - OIC Centralized Service Center Locations - Who/Where (irs.gov).

Add: **Note:** Per IRM 1.2.2.15.2 and Delegation Order 25-2, process examiners in the COIC sites are the only IRS officials authorized to determine processability and sign the Form 656. COIC will date stamp the Form 656 in the IRS Received Date section. The IRS received date for TIPRA statute purposes begins on the date the offer is received in COIC.

Add: Note: **Refer to Document 12990, IRS Records Control Schedules (RCS) 28, Item 50 for the National Archives and Records Administration (NARA) approved Form 3210, Document Transmittal retention and disposition requirement.**

(2) Taxpayers may not send unsolicited offers via fax or other electronic methods to the IRS unless they submit the offers via IOLA.

Exception: Taxpayers/Power of Attorneys (POAs) may fax/send offers by other electronic methods when solicited by SCOIC personnel. This is usually in conjunction with a related assigned offer.

Occasionally, a Form 656 may not contain an original signature because the contract was faxed to a taxpayer's representative before the Form 656 was printed and mailed to COIC; however, these are clearly original offers being submitted by the taxpayer for processing, with a receipt date that can be verified by the postmark. In contrast, offers without original signatures submitted to other IRS personnel will be construed as copies of offers already in process. For this reason, offers submitted from internal sources (such as Appeals or Field Collection) must contain original signatures. A Form 656 secured elsewhere in the **IRS** without an original signature will not be considered a valid contract.

5.8.1.15.8, Signatures

(5) The IRS requires an ink/original signature(s) on Forms 656 mailed to the IRS. The only exception is if the Form 656 was faxed or electronically transmitted *before* it was sent to COIC **or if the taxpayer submitted the Form 656 to the IRS electronically via IOLA. For related/amended Forms 656 faxed before they were mailed to the IRS, the SCOIC employee will confirm the fax sender's identity after receipt of the offer.**

Example: The taxpayer signed Form 656 with an ink signature and faxed the OIC forms and supporting documents to a POA. After reviewing the forms, the POA then printed and mailed all documents with the required TIPRA payments to COIC to process. The Form 656 clearly had the taxpayer's original signature, as opposed to a typed signature or digital signature. COIC can process the offer as usual and accept it if warranted.

(7) Since the CIS requires certification under penalty of perjury, the taxpayer(s) must personally sign the Form 433 - A (OIC), Collection Information Statement for Wage Earners and Self-Employed Individuals and/or Form 433 - B (OIC), Collection Information Statement for Businesses. **The only exception is if the Form 433-A(OIC) was faxed or electronically transmitted before it was sent to COIC, or if the taxpayer submitted the Form 433-A(OIC) to the IRS electronically via IOLA. If the Form 433-A(OIC) was faxed before it was mailed to the IRS, the SCOIC employee will confirm the fax sender's identity after receipt of the forms.**

5.8.2.3, Initial Processing of Offers in Centralized Offers in Compromise Sites

(1) When SCOIC receives an OIC in either one of the COIC sites, the PEs must:

a) Date stamp the Form 656, Offer in Compromise, in the IRS Received Date Stamp block for paper submitted Forms 656. When SCOIC receives an OIC in the COIC site electronically via IOLA, the PE must electronically date stamp the Form 656, Offer in Compromise, in the IRS Received Date Stamp block using the edit feature on the PDF form prior to uploading to the electronic storage platform (currently DEP/DCR). Once a processability determination is made, the PE is required to scan the AOIC summary screen and attach it as the first page to the electronic OIC file. The PE must 'close' out of the banner for it to upload to the electronic storage (DCR) correctly.

Note: Designated SCOIC employees must check the DUT or other future system deployments such as (DIM) daily for any electronic offer submission that was received through IOLA.

b) Place the electronic OIC documents in the electronic storage platform (currently DCR). Do not print or create a paper case file for offers received through IOLA.

(2) The 24-month TIPRA statute date does not start until the offer is received in the COIC site. The PE will enter the COIC site received date in the IRS received date field on AOIC. If the OIC was received via IOLA, the PE will use the date the OIC was submitted on DUT in the IRS received date field on the PDF. If an OIC was received in an IRS location other than COIC, document AOIC Remarks with the location and date where it was received.

(6) The required initial payment and subsequent payments will be applied to the taxpayer's account, whether the OIC is deemed processable or not processable. These funds are non-refundable, except in certain situations, and should be immediately posted

to the taxpayer's account (either as designated by the taxpayer or to the government's best interest if not designated). **PEs are required to annotate AOIC Remarks if the taxpayer designated to a certain tax year per Form 656.** This does not include deposits or application fees. Effective with the Form 656 revision on 4/2022, deposits are no longer accepted. If the taxpayer submits a deposit, draw a diagonal line across the check and write "Return" across the check and send back to the taxpayer with the return letter. Taxpayers cannot designate application fees. The IRS may refund application fees in certain situations.

(9) Sort and/or assign in the following categories:

- **OICs** submitted with remittance (**mail or IOLA**)
- **OICs** submitted without remittance (**mail or IOLA**)
- Out of jurisdiction transfers

(10) Verify the **OIC** jurisdiction.

Add: to Note to Item 1 box.

Item	If the office of jurisdiction is...	Then...
1	Collection	• Add the OIC to AOIC. Note: This includes paper and electronic receipts for Form 656. • Process payments in accordance with current guidelines.

(13) Print the first page of Individual Master File Online Tax definer 'T' (IMFOLT) and Business Master File Online Tax definer 'T' (BMFOLT) for each period listed on Form 656, as applicable, and include in every case file. These prints are necessary to aid the OE/OS for the CSED dates. **When working electronic offers, PEs will create PDF's of IMFOLT to consolidate with the electronic offers that are bookmarked and uploaded to electronic storage platform (currently DEP/DCR). Do not print.**

Note: Do not scan ICS histories, old IDRS prints, maps, blank pages, duplicate documents, credit reports and other extraneous materials into DCR.

5.8.2.4 , Processability

(2) If the paper offer is received with payment, processability must be made within 24-hours of the IRS received date. Case building must then be completed within 20

calendar days of AO received date. **If the offer is received via IOLA, a processability determination is needed. Electronic offers must be loaded onto AOIC within 48 hours (this allows for time for the payments to show on EFTPS). All electronic offers must have the TC 480 input within 48 hours to suppress any collection activity.**

5.8.2.4.1 , Determining Processability

(1) The COIC sites are responsible for determining offer processability. **If the OIC is received via IOLA, the PE is required to continue the processability determination to ensure the taxpayer does not fall into one of the categories below (1) through (8).** If an offer is determined to be not processable, the application fee will be returned to the taxpayer and TIPRA payment will be applied to the outstanding liability in the best interest of the government. Apply the TIPRA payment to the earliest CSED and if paid in full, split the payment to the next earliest CSED.

Exception: Both the application fee and the TIPRA payment will be returned to the taxpayer in the following situations (A-E):

Add: Note: For offers received through IOLA, PEs must continue with the processability determination. IOLA currently only checks for the six-year filing compliance, bankruptcy, no liabilities, and current open offer for the same tax period(s). PEs will continue to run OIC IAT on initial processability determinations.

(9) An OIC is considered pending when a delegated IRS official signs and dates the Form 656. This date is the official offer pending date. If the offer is determined to be processable, the PE must immediately sign and date the waiver on the Form 656. Signature stamps are acceptable if it is based on the actual employee's signature (image of a handwritten signature) and is controlled and used only by that person. For the use of electronic signatures, see IRM 5.8.8.5, Use of Electronic Signature of Offer Forms and Letters. **PEs will review the OIC Policy SharePoint site for PE procedures for signing the Form 656 submitted through IOLA and correct file naming convention.**

Note: The pending date entered on AOIC must match the date the delegated official signed the Form 656. This date must also match the Transaction Code (TC) 480 date when it posts to IDRS.

5.8.2.4.3, Forms 656, Offer in Compromise, Without an Original Signature

(3) When a taxpayer submits a Form 656 to SCOIC for processing from IOLA and it does not contain an original ink signature, consider this copy as a contract, and

continue processing.

5.8.2.5 , Not Processable

(2) Checks must be stamped "Return" within 24-hours of receipt. **If the offer is received via IOLA, a PE must prepare/issue a manual refund for the application fee, if applicable. Always check IDRS for the EFTPS payment and ensure the payment was not dishonored prior to preparing the manual refund.**

(3) Take the following actions:

- a. Complete the AOIC *Payment* screen as applicable.
- b. Print a copy of the Form 656 for the taxpayer from DCR, stamp "RETURN" and write the date that the offer was determined to be not processable.**
- c. Cross out all the IRS received dates with an "X".
- d. Document the AOIC Remarks with the payment information, specifying the reason(s) for the not processable determination.
- e. If the offer is not processable due to required unfiled tax returns and the taxpayer submitted one check for the application fee and TIPRA payment, the check must be deposited to apply the TIPRA payment to the taxpayer's account using DPC 34 and a manual refund completed to refund the application fee, if applicable.

Note: If there is an indication from the taxpayer that the one check received with the offer submission was intended to cover the application fee and the TIPRA payment, but the check is for an amount less than the application fee, return the entire amount of the check.

5.8.2.7.1, Reconsideration for Incorrect IRS Determination on a Not-Processable Offer

(1) If the IRS makes an incorrect determination and returns the OIC to the taxpayer as not processable and the taxpayer/POA calls for a reconsideration due to an IRS error, the PE will:

- a. Request the entire offer package back from the taxpayer. Request the original Form 656, Offer in Compromise, Form 433-A (OIC), Collection Information Statement for Wage Earners and Self-Employed Individuals, or Form 433-B (OIC), Collection Information Statement for Businesses, along with the Application Fee back from the taxpayer. Have the taxpayer write resubmission on top of the Form 656. Give the taxpayer 15 days for mailing time. **If the taxpayer submitted the original offer through IOLA, the taxpayer must send the reconsideration back to the campus via fax/paper.**

5.8.2.8 , Processable Offer Actions

(5) If a business taxpayer submits a payment with a blanket designation to “trust fund taxes,” without also supplying a specific tax period(s), this is not a specific designation. If you receive a check that contains this instruction and no employment tax period specified, apply the check to earliest **CSED employment tax period** (usually MFT 01) using **DPC 02**. Document the designation in the AOIC Remarks. Include an open paragraph in the Combo letter that states: **Payments annotated only “trust fund” without a specific tax period will be applied to employment tax periods. To designate a payment, you must supply the tax period(s).**

Note: Apply all tax payments to the earliest CSED, and if paid in full, split the payment as needed to the next earliest CSED.

Add: Note: Current IOLA programming posts payments on MFT 55 as DPC 99 and the PE will need to prepare a credit transfer to correct this DPC.

(7) Verify Master File Tax (MFT) screens are populated through Data Download or manually input all required information. If the taxpayer did not include a tax period with an outstanding liability on the original Form 656 and the entity is the same, add the periods to the AOIC MFT screen. If the taxpayer has a **separate entity** [such as a corporation, partnership, or Single Member Owner (SMO) LLC (for periods after January 1, 2009)] that was not included on the original Form 656, the PE will no longer be responsible for loading those periods on the AOIC MFT screen until such time **the offer examiner (OE)/offer specialist (OS)** secures the amended and associated Form 656. See chart below for additional information:

Item	If the taxpayer	Then
1	Does not include all Form 1040 Liabilities	Pen and ink the Form 656 and add it to the MFT screen. When making pen and ink changes to the Form 656, the PE/OE/OS must initial and date each change on the form. For electronically received Forms 656, use Adobe to perform the pen and ink edits.
2	Has Form 2290 liabilities (xref. on INOLE)	Add to the MFT screen
3	Has a sole prop. (x-ref. on INOLE)	Add to the MFT screen
4	Has an LLC prior to January 1, 2009	Add to the MFT screen

5	Has a business which is not x-ref. on INOLE (CORP., Partnership or LLC after January 1, 2009).	Do NOT add to the MFT
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(8) **When the PE identifies the need for mirroring, notate the AOIC Remarks accordingly.** The need for mirroring could be due to one spouse submitting an offer separately; one spouse appealing an offer rejection; or submission of separate offers by the spouses with different waiver dates for joint period(s).

5.8.2.8.1 , Processable Offers - Payment Processing

(1) If the taxpayer submits both the application fee and the required initial TIPRA payment (20 % or first installment) in one check, the application fee will be entered first and the remainder will be applied as the required TIPRA payment, follow the procedures to request the shortfall of the TIPRA payment if applicable. **As of October 2024, taxpayers may submit their OIC fee and payment(s) electronically in IOLA (via EFTPS). IOLA programming defaults the individual taxpayer's payment to the earliest CSED, however, the taxpayer may choose to designate their payment only while the offer is pending.**

Note: In November 2003, the IRS began charging an application fee for submission of an offer in compromise. Periodically the fee will change, and the IRS will grant a grace period of 30 days from the date of publishing the Form 656. During the grace period, the PE will be required to request the shortfall of the application fee. If the taxpayer does not pay the shortfall, then return the offer. Once the grace period is over, the PE will return the offer as not processable for lack of sufficient payment. This will be the only time **the PE** will request a shortfall of the application fee.

5.8.2.9 , Sorts and Payment Processing

(1) **The “If and Then” table below** provides the criteria for processing payments: All payments should be clearly annotated in the AOIC remarks screen as well as the payment screen.

If and Then table add:

Number	If	Then
6	CDP Form 656, Offer in Compromise, COIC and Field criteria	• Load the offer on AOIC. • Load payments to AOIC Payment screen. • Prepare the Form 3244, Payment Posting Voucher.

		• Update Case Category Code to 10 • Notify Appeals of the not-processability determination via e-mail. See IRM 5.8.2.12, Determining Processability for Appeals Collection Due Process Offers.
8	the Offer in Compromise was received via IOLA with payments, or a valid waiver and the OIC is processable	• Load the OIC on AOIC, notate remarks "OIC electronic submission" • Check IDRS for payments • Notate the payment information on AOIC remarks • Load payment to AOIC payment screen or validate the waiver

5.8.3.2, Perfection and Case Building Time Frames

(1) If an offer is received with payment(s), processability and payment processing must be determined within 24 hours of IRS received date and case building completed within 20 days of Area Office(AO) received date. **If the offer is received via IOLA, processability and payment processing must be determined within 48 hours of the received date to allow time for payments to post to EFTPS and to ensure the TC 480 and the ST71 (if applicable) is input.**

(2) **If the taxpayer does not submit payment(s) with the OIC**, processability and case building must be completed within 20 days of the AO received date.

5.8.3.7, Case Building Offers

(1) Case building for COIC and FOIC cases should include the following in each case file:

- Ensure all prints of IMFOLT, BMFOLT for each tax period are in the **electronic or paper** case file.

Note: Employees need the IMFOLT/BMFOLT screen prints (**paper for paper OIC file and PDF for electronic case file**) for the CSED dates. Capture IMFOLT/BMFOLT before the TC 480 is input.

- Review the Form 656 to see if the POA signed the **OIC** on behalf of the taxpayer. If the POA signed Form 656 on behalf of the taxpayer, the Form 2848 must be signed by

the taxpayer and the POA prior to or the same date as the OIC signature date. A copy of the Form 2848 must be maintained in the case file and a statement detailing the basis for allowing the POA signature in lieu of the taxpayer's signature on the Form 656 must be included in the AOIC remarks. See IRM 5.8.1.15.8, Signatures, for additional information.

(2) PEs will generate the TC 480 and Status 71 through the AOIC system. However, there may be situations when the TC 480 and Status 71 cannot be systemically generated (e.g., imminent statute). In those cases where AOIC does not systemically generate the appropriate TC 480 and/or Status 71, COIC must manually input the appropriate codes.

Note: If the TC 480 was manually input it must be manually reversed. **Notate the AOIC Remarks to identify the need for a manual reversal when the case is closed.**

(3) When the need for mirroring is identified, **notate the AOIC Remarks**. This could be caused by one spouse submitting an **OIC** separately; one spouse appealing an **OIC** rejection; or submission of separate **OICs** by the spouses with different waiver dates for joint period(s).

Add: **5.8.3.22, Scanning Paper Offers and Retrieving Offers Electronically**

(1) **Managers or their designee must check any electronic storage (currently DUT) daily for any OIC submissions that are sent via IOLA and assign the OICs to a PE to work. If SCOIC receives an OIC via IOLA, the PE must conduct a processability determination looking for any compliance issues that were not identified during the initial submission. If the taxpayer does not meet all the processability criteria found in IRM 5.8.2.4.1, then return the OIC. If the taxpayer does not fall into one of those categories, continue processing and move the electronic OIC (currently from DUT) to the electronic storage platform (currently DEP/DCR).**

(2) **Once case building has been completed, the PE will scan the entire paper OIC file to DEP. Validation errors can be found in the "Action Center" in UI Path. These must be corrected prior to the OIC being sent to the DCR. Once loaded on DCR, the OIC can be assigned to the OE or OS.**

5.8.4.7.1, Securing Related Offer

(3) **In order to avoid disclosure issues when the taxpayers are not represented by a POA, requests for amended and revised Forms 656 emphasis must be made by phone or secure messaging.**

Note: Refer to the revision date of the original Form 656 citation submitted to determine if the taxpayers have authorized the discussion of the existence of separate tax liabilities with their spouse.

- Make two phone or **secure messaging attempts** to contact the taxpayers. If phone contact is made, discussion should be held with both taxpayers. When discussing the requirement for two separate **OICs**, a discussion should be held regarding how the taxpayers want to treat the initial TIPRA payment, for example, splitting the original payment between the two **OICs** or submitting a new payment.

Note: Advise the taxpayers that a separate Form 656 is required. The Forms 656 can be prepared and mailed **or sent electronically**; one to the primary spouse and one to the secondary spouse. If phone attempts are not successful, use Letter 2844 with paragraph “D” to request a call back.

Note: If contact is made with only one taxpayer advise them of the requirement for two Forms 656 and that you will be mailing separate **OIC** forms addressed to each taxpayer.

Note: Designated SCOIC employees must routinely check the DUT, Secure Messaging, and E-Fax for new information received. If new information is received, place the electronic OIC documents in the DCR. See OIC SharePoint for the correct file naming convention.

5.8.4.12, Documentation

(8) Documentation must be recorded the day the action occurs or as soon as practical thereafter.

Add: **Note: Place the paper/electronic OIC documents in the DCR. Be sure to use the AOIC Summary page as the first page prior to scanning.**

Add: **Note: Do not scan ICS histories, old IDRS prints, maps, blank pages, duplicate documents, credit reports and other extraneous materials into DCR.**

5.8.4.15.2, Case Decisions on CDP Offers

Add: **Bullet to (3) If the taxpayer submitted the CDP OIC via IOLA, transmit the entire case file to Appeals electronically via the Appeals Electronic Case Receipts (ECR) site. All preliminary rejection documents and letters will be scanned to the electronic storage platform (currently DCR).**

5.8.5.3, Taxpayer Submitted Documents

(2) If during the investigation, the financial information becomes older than 12 months and it appears significant changes have occurred, a request for updated information may be appropriate. Prior to contacting the taxpayer, attempt to secure the necessary

verification through internal sources. If taxpayer contact is required, it is preferable to initiate contact via telephone or IRS approved electronic means, such as Secure Messaging, to expedite case processing. **If you receive documentation, you will need to upload that information onto the electronic scanning platform (currently DEP/DCR). The OE/OS is required to scan and attach the AOIC Summary screen as the first page to the electronic OIC so it can be associated with the original OIC. Ensure the document has the correct naming convention.**

5.8.6.5, Closing Actions Required

(1) If the taxpayer's refusal to agree to a collateral agreement impacted the determination to reject the **OIC**, or if a collateral agreement is secured in conjunction with an acceptance recommendation, additional closing actions are required.

Add: **Note: Ensure a manager approved electronic copy is uploaded to the electronic storage platform (currently DCR).**

5.8.7.2.2.7, Closing an Offer as a Processable Return

Add: **(u) The OE/OS must submit all closing documents to the electronic storage platform (currently DCR) at closing.**

5.8.7.3.3, Reconsideration Procedures

Add: **(6) If the taxpayer's initial submission was through IOLA, they will need to send the new Form 656 via mail or fax.**

5.8.7.4.3, Closing an Offer as a Withdrawal

Add: **(3) (q) With any type of withdrawal closure (voluntary or involuntary) the OE/OS or designee is required to scan and upload the closing documents to the scanning and electronic storage platform (currently DCR).**

5.8.7.5.1, Closing an Offer as a Termination

Add: **(2) (k) The OE/OS or designee is required to scan and upload the closing documents to the scanning and electronic storage platform (currently DCR).**

5.8.7.7, Rejection

(6) If the taxpayer or their representative presents new information, it must be considered, addressed in the history, **and uploaded to the electronic storage platform (currently DCR)**. If the information does not change the decision to reject, contact the POA/TP by telephone to discuss the new information and inform them that the information submitted did not change the rejection determination. If no telephone contact can be made, issue the appropriate AOIC rejection letter, and document the AOIC or ICS history.

5.8.7.7.3, Recommending Rejection of an Offer

Add: **(8) If the taxpayer submitted the CDP OIC via IOLA, transmit the entire case file to Appeals electronically via the Appeals Electronic Case Receipts (ECR) site. All preliminary rejection documents and letters will be scanned to the electronic storage platform (currently DCR).**

5.8.7.7.3.3, One Spouse Has a CDP OIC

(7) If no appeal is received, close the non-CDP OIC on AOIC. Transfer and send the CDP OIC to the Appeals Technical Employee (ATE) by the 45th day from the date of the CDP predetermination letter. **Upload all closing documents to the electronic storage platform (currently DCR).**

(8) If less than 150 days remains on the TIPRA 24-month period, or Appeals asks that the CDP case be returned to them separately, issue the CDP predetermination letter without delay. Advise the ATE if an appeal is received, the non-CDP OIC will be forwarded for assignment as a related case.

- If an appeal is not received, close the OIC on AOIC **and upload all closing documents on the electronic storage platform (currently DCR)**. Notify the ATE via e-mail and cc the Appeals Technical Manager (ATM).
- If an appeal is received, **do not adjust RCP**. The final determination will impact both **OICs** because it is based on joint RCP. If you document any observation regarding the information provided, advise the taxpayer per IRM 5.8.7.7.6, Addressing a Timely Appeal Without Ex Parte Communication. Send an e-mail to the ATM with a CC to the ATE and advise the **OIC** file will be sent directly to the ATE unless they provide alternate shipping instruction. Prepare a transfer letter and forward the file for assignment and association with the CDP OIC. Annotate on the Form 3210: "Non-CDP OIC is related to CDP OIC #1001xxxxxx, sent XX-XX-XXXX. All financial information is with the CDP key file." Mail case separately to ensure proper tracking. Follow up on **the Form 3210 to verify case receipt and document AOIC**.

5.8.7.7.4, Rejection Not Appealed

- j. Route the **OIC** file to the closed files and upload documents to the **electronic storage platform (currently DCR)**.

5.8.7.7.7, Closing of Offer After Appeal's Consideration

- (5) Route the **OIC** file to the closed files and upload documents to the **electronic storage platform (currently DCR)**.

5.8.7.10.4, Alternative Collection Assignment - Field Collection

- (6) If the offer is not appealed, COIC or FOIC will take the following actions:
 - a. COIC will process the closing actions **and upload documents to the electronic storage platform**, close the offer on AOIC and forward the offer file to the site RO. If there is not already an existing case in ICS, the site RO will create a case and then create an ICS Incoming OI. Cut and paste the information from the AOIC closing narrative into a new ICS history and follow the steps below to create an Outgoing OI.
 - b. FOIC will process the closing actions on AOIC **and upload documents to the electronic storage platform (DCR)** and return the offer file to the OS. The OS will follow the steps below to create an outgoing OI.

5.8.8.6, Faxed Original or Amended Forms 656

- (1) The original or amended Form 656 may be accepted by fax (telephonic or electronic), DUT, or secure messaging where contact with the taxpayer has been made and documented, faxed signatures meet legal requirements. Ensure the Form 656 contract is complete with no missing or altered pages, and is signed. See IRM 5.8.1.15.8, Signatures. **Upload the amended Form 656 to the electronic storage platform (currently DCR)**.

5.8.8.8, Closing Actions on Accepted Offers

Add: (5) The OE/OS or designee is required to upload all closing document to the **electronic storage platform (currently DCR)**.

5.8.8.10, Processing the Closed Offer File

(1) Once an offer has been closed on AOIC, it should be held in-house until National Quality (NQ) has had sufficient time to pull for review. Field Area Office NQ randomly selected cases are identified on the AOIC Quality Review Listing the following Monday after closure. If the case is not selected for review, the offer should be released on AOIC on the following Monday after closure or as soon as practical thereafter and **assigned** to the applicable MOIC unit. Care must be used to ensure that the offer is mailed **or sent electronically** (with encryption) to the same unit it is released to on AOIC. Do not mail MOIC paper case files if the complete file is being maintained electronically.

(2) If the **paper** case is chosen for NQ review, copies of the following documents should be made and placed in the file in lieu of the originals, before the offer is forwarded for review. The offer should be validated and released on AOIC on the following Monday after closure or as soon as practical before sending **the electronic copies** or original documents to the MOIC unit in a file folder clearly indicating that the remaining information was mailed to NQ.

- a. Original and amended Form 656, Offer in Compromise or addendum
- b. Form 7249, Offer Acceptance Report
- c. Copy of the Acceptance letter(s)
- d. Any collateral agreements

Add: **Note: For an electronic case file no action is required for cases requiring NQ review since NQ will access the case electronically.**

(5) **Mail Form 3210 with accepted offer paper files or E-3210 (when available) for accepted electronic offer files.** Shipping offices must ensure that a receipted copy of the Form 3210 is received **or review the SCOIC Inventory Portal for receipt.** If a receipted copy of the Form 3210/E3210 is not received within 30 calendar days of mailing, contact must be made with the receiving office and tracing actions taken. Appropriate actions must be taken to recover or replace missing or lost files.

5.8.9.2.4, Rescission Procedures

(2) Rescind the OIC in the following manner:

- Prepare a letter to the taxpayer to include the OIC acceptance date. Advise the IRS is rescinding the OIC and revoking the prior acceptance letter. Contact OIC Collection Policy for assistance in preparing the rescission letter.
- Include in the letter the grounds for rescission in general terms with a demand for payment of the original unpaid tax liability, less any OIC payments.

- The Office of Chief Counsel must review for legal requirements and concur with all rescission determinations before sending the rescission notification to the taxpayer. **Upload all closing documents to the electronic storage platform (currently DCR).**

Note: The letter must be signed by the same level of approval that signed the acceptance.

- Document the AOIC case history with the basis for the decision to rescind and any taxpayer contact.

5.8.9.3.1.2, Returning an OIC When IRS Erred in Accepting OIC Containing Years Referred to DOJ

(3) The office which recommended the OIC for acceptance is responsible for requesting the following actions:

- a. The OE/OS will determine the location of the OIC file. If the file is at the Federal Records Center (FRC), retrieve it now. **If the file is located on electronic storage, pull the offer from the electronic storage platform (currently DCR).** All documents need to be associated with the official OIC file.

(4) The COIC site will:

- a. Change the processability code on AOIC to "N".
- b. Stamp the Form 656 'RETURN' and cross out the IRS received date and the IRS signature that established the waiver date.
- c. Issue the not processable letter. See IRM 5.8.2.7, Erroneous Processability Determinations.
- d. Update payments changing the OIC payment DPCs to 99 using IAT.
- e. Use OIC IAT payment evaluator to provide Counsel an accounting of all payments to send to Counsel so they can update their suit letter to the DOJ. Include a copy of the not processable letter. See IRM 5.8.2.7 (5).
- f. Retain a copy of the not processable letter for the OIC file (and Counsel) and return the file to the FRC **or upload to the electronic storage platform (currently DCR), whichever is applicable.**

Note: Associate all documents with the official OIC file.

5.19.7.2.2, OIC Determinations

(1) COIC PEs are responsible for determining processability and perfecting offers before they are assigned for investigation.

(2) An offer may be returned for various reasons, including failure to provide information and solely to delay. See IRM 5.8.7, Return, Terminate, Withdraw, and Reject Processing, for additional reasons for returns. **All closed offers will be stored in an electronic format platform (currently SCOIC Inventory Portal/DCR).**

5.19.7.2.3, Powers of Attorney (POA)

(3) The representative's information is loaded onto AOIC, and a copy is placed in the paper case file. **If the new POA is received by MOIC, scan the Form 2848 on DCR.**

5.19.7.3, Initial Processing of Accepted OICs

(1) MOIC units monitor accepted offers from COIC, FOIC, Appeals, and Examination and settlements referred to the IRS by the Department of Justice. **These types of accepted offers can be found on the SCOIC Inventory Portal. TE's are required to pull/assign the offer from the inventory portal to work. If the TE receives any additional documentation from the taxpayer, they are required to upload it to As-Received DCR to be associated with the retained case file.**

(2) The majority of paper case files for accepted offers controlled on AOIC will be held for a short period at the campus before being sent to the Federal Record Center (FRC). The frequency of the shipment will be per FRC guidelines. MOIC will use the AOIC system to ensure receipt and control of these files to the FRC as well as to ensure timely release of the Federal tax lien on any of these cases that are paid in full prior to receipt at the campus for monitoring. **All electronic offers will be retained on an electronic storage platform, (currently DCR) and will remain on DCR for 11 years. They will not be sent to FRC. All OIC case file documents can be reviewed on DCR.**

(9) For those offers listed under the exceptions that are not loaded onto AOIC, check the file for the above documents before accepting into MOIC inventory. **If the offer was received, scanned, and loaded to DEP, retrieve it on DCR.** If any of the documentation listed above is missing or the **paper** case file is missing, contact the originating office and request the missing information (or file) be faxed or mailed to the campus. Allow the originating office 15 days to provide the missing information.

(10) For offers accepted by Appeals (**located on the SCOIC Inventory Portal**), check the file for the Acceptance letter and Form 5402, Appeals Transmittal and Case Memo, to identify offers accepted under ETA or DCSC. Clerical must forward copies of these documents to the assigned Tax Examiner so the application fee can be addressed appropriately. **MOIC must upload any additional acceptance documents to DCR.**

5.19.7.3.2, Processing OICs With the Case File on AOIC

(6) Update NMF (MFT 20) period(s) by requesting input of TC 780, TC 550 with the new CSED date, and accrued penalty and interest up to offer acceptance date via Form 3177, Notice of Action for Entry on Master File. Send Form 3177 to the Kansas City Submission Processing Campus (KCSPC) NMF unit. A copy of the Form 656 and acceptance letter must be submitted when requesting an adjustment to the NMF periods. The TE should create a dummy file to include these documents. When it is time to place the module in 5M status the documents will be available. **The TE will scan and upload to DCR** to monitor and track these types of requests.

5.19.7.3.4, Overlooked Periods

(3) Return the **paper** case file to the originator for a determination via Form 3210 and follow-up for receipt of the acknowledgement copy. **If the offer was received electronically, return to the originator via SCOIC Inventory Portal. Advise the originator's manager and the OE/OS the offer is being returned for edits.**

5.19.7.4.7, Death of the Taxpayer While Monitoring the OIC

(3) If a copy of the death certificate is submitted and there is a physical file, place the copy in the file and return the original to the submitter. If no case file, annotate the AOIC history and return the original to the submitter. **If the death certificate is submitted to MOIC, scan and upload on DCR and return the original to the originator.**

5.19.7.4.10, CAWR Assessments

(5) If a TC 780 or TC 788 is on the BMF tax modules, CAWR examiners will forward CAWR CAP documents (Money Screen and Entity Screen) to be associated with the OIC case file.

Note: If the offer file is located at the FRC, create a dummy file to hold the CAWR documents.

(6) Make a note in the history on AOIC or manually monitored file that the CAWR assessments documents have been placed in the case file or a dummy file has been created. **For electronic offers, scan and upload the CAWR documents on DCR to be associated with the offer.**

5.19.7.4.14, Rescission of an Accepted Offer

(3) Requests regarding rescission of accepted offers are routed to the MOIC area from COIC, the Area offices, Appeals, or Counsel. MOIC will take the following action to return the original offer file to the originator as required:

(b) If the offer file is immediately available, **and is in paper format**, MOIC will forward it to the originator on Form 3210 and annotate AOIC or the case file if the offer is manually monitored.

(c) If the **paper** offer has been shipped to FRC, MOIC will request the file, forward it to the originator on Form 3210 when received and annotate AOIC or the case file. **If the offer file is electronic, the TE will email the OE/OS and advise to secure the offer from the DCR.**

5.19.7.12.2, Setting Up Collateral Agreement Files

(1) The collateral agreement file is a part of the open offer file. **The original case file may be in paper or electronic form. Paper case files and collateral agreements will be sent to FRC after a dummy file has been created. Electronic case files will be stored on DCR as well as on the SCOIC Inventory Portal to facilitate required reviews. The SharePoint will house pertinent acceptance/collateral agreement documents.**

(4) Collateral dummy files are to be maintained at the campus until the offer is closed. When the offer is closed, **any physical dummy** file will be sent to FRC with a new accession number. **If the offer is in an electronic format, scan the applicable documents and place on DCR to be associated with the electronic offer file.**

5.19.7.12.3.1, Processing Future Income Collateral Responses

(2) If Exam advises the request of an amended return, send Letter 279 to the taxpayer which informs the taxpayer of potential default, and suspend case for 45 days from the date of letter.

- Route amended tax return for processing and retain a copy in the dummy offer file if there is a physical case file. If the offer is in electronic format, **upload the return and the letter on DCR, see IRM 5.8.3.22, for instructions on how to prepare for scanning.** Monitor for posting of the adjustment to IDRS. Once the return has posted, the copy may be CW.

5.19.7.14, OIC Potential Defaults

(5) When issuing a letter advising the taxpayer of a potential default, prepare a dummy file to maintain a copy in the case file of the potential default, extension to pay, and

default letters, as applicable. For paper case files, send the dummy file to FRC after the offer has been closed. **If the offer is in an electronic format, scan the applicable documents and place it on DCR to be associated with the offer file.**

5.19.7.14.5 Defaults on Joint Offers Due to Non-Compliance

(5) If only one spouse on a joint liability is not compliant, update the status to **MS** and separate accounts must be established using MFT 31. After the mirroring is completed, the non-compliant taxpayer's name will be removed from the AOIC entity and AOIC remarks must be documented to state why the name was removed. The compliant spouse's offer will be updated to the respective monitoring status, prior to the non-compliance issue. Create a dummy file for the non-compliant spouse and send to FRC if there is a paper case file for the offer. **For OICs maintained electronically in DCR, upload all documents relevant to the default and associate with the electronic case file.**

5.19.24.5, Initial Processing Of DATL Offer in Compromise

(1) Upon receipt of the offer, the following actions will be performed:
Add: i. **Scan all offer receipts to DCR.**

5.19.24.6.2, Closing an Offer as a Not Processable Return

1. Add: a. **Scan all closing documents to DCR to be associated with the original electronic documents for permanent record storage.**

5.19.24.10, Processable Return Procedures

Add: k. **Scan any additional documents that were received to the DCR for permanent record storage.**

5.19.24.15, Death of a Taxpayer

(3) The following actions should be taken to close an offer as a termination.
Add: 10. **Scan all closing documents to DCR to be associated with the original electronic documents for permanent record storage.**

5.19.24.16, Withdrawn DATL Offers

(7) If the taxpayer withdraws the offer:

Add: **14. Scan all closing documents to DCR to be associated with the original electronic documents for permanent record storage.**

5.19.24.19 , DATL

Add: **(11) Scan all closing documents to DCR to be associated with the original electronic documents for permanent record storage.**

5.19.24.19.1 , Mandatory Acceptance

Add: **(3) Scan all closing documents to DCR to be associated with the original electronic documents for permanent record storage.**

5.19.24.23, Closed File Retention

(2) Electronic Exam DATL offers are not retained in FRC, they are retained in CEAS. All other DATL offers can be requested using the DLN located on IDRS with T 290. These are exam only. **All other electronic documents will be stored on DCR for permanent record storage.**