

Offer in Compromise



Ley Mills
COSS – SL-Field

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Offer in Compromise Pre-Qualifier Tool

- Good candidate?
- Reasonable offer amount?
- Use as guide for
 - Doubt as to Collectibility offer



Offer in Compromise

What has not changed?

- Offer not first option
- Consider other options first
 - Borrowing
 - Liquidating assets
 - Installment agreement



Offer in Compromise

Offers in Compromise are –

- Sound business practice, and
- Good tax policy



OIC Program Objectives

- Best interest of taxpayer and government
- Provide a fresh start
- Collection at earliest time - least cost
- Secure revenue not collected by other means



Fresh Start Initiative Goal

- Help taxpayers who owe
- More offers accepted



Fresh Start and OIC

- Expanded streamlined processing
 - Fewer information requests
 - Information requests by phone
 - Case discussions by phone
 - Internal verification



Fresh Start and OIC

Financial Analysis Procedures

1. Future income

2. Asset equity

$1 + 2 = \text{offer amount}$



Fresh Start and OIC

Financial Analysis Procedures

- Future income
- **Asset equity**
 - Additional reductions



Allowable Living Expenses

The following payments may be allowed:

- Student loans that are –
 - Federally guaranteed
 - For post high school education
- Delinquent state and local taxes



Fiscal Year 2015 Program Results

- Receipts: 66,600

Dispositions:	%	Total
◦ Not processable	7%	5,772
◦ Acceptances	44%	27,417
◦ Rejections	16%	10,058
◦ Returns	20%	12,709
◦ Withdrawals/Term	13%	8,366
Total	100%	64,479



Helpful Hints

- Explore all collection options
- Utilize the OIC Pre-Qualifier Tool
- Complete financial statements and forms carefully
- Include Form 433-A/B (OIC)
- Complete the checklist(s)



Helpful Hints

- Ensure taxpayer is/stays current
- Include fees and payments
- Respond promptly
- Accurately value property and assets



Resources

- IRS.gov keyword Offer in Compromise
- Form 656-B, Offer in Compromise Booklet, revised January 2015



In Closing...

- Improvements and changes
- We welcome feedback



New Secure Access Process for Get Transcript Online and other IRS.gov Tools



Ley Mills
COSS – Stakeholder Liaison-Field

Date



Secure Access Process

- Secure Access Process
 - New authentication framework
 - More rigorous validation process
 - 2-Factor authentication:
 - Password credentials
 - Security code sent by text
- Get Transcript Online back online
- Other tools under review



Process Prior to 2015

- Email confirmation code
- Identity Proofing
 - Name and SSN
 - Date of Birth
 - Filing status and address on last filed return
- Knowledge-Based Authentication (KBA)
 - Series of financial/personal questions only a taxpayer should know



New Authentication Steps

- Email confirmation code
 - Same as before; code sent to email address; taxpayer re-enters in order to continue to next step
- Identity proofing
 - Similar as before
- Two new steps:
 - Financial Verification
 - Activation code text sent to mobile phone



How to Successfully Authenticate

- A readily available email address that you can check immediately
- An SSN
- Account number information from either:
 - Credit card (last eight digits), or
 - Home mortgage, or
 - home equity mortgage or
 - home equity line of credit, or
 - Auto loan



How to Successfully Authenticate

- A mobile phone that is
 - Supported by a data plan that includes texts
 - Associated with your name and/or address
 - Not a business-owned phone
 - Not a virtual phone, i.e. Skype, or a pay-as-you-go phone
- Remove “credit freeze” if through Equifax



How to Successfully Authenticate

- Returning Users (registered via Secure Access)
 - Need their username and password
 - Need their mobile phone to receive security code
- Returning Users (registered via KBA process)
 - Password and user name still valid
 - Must provide financial verification
 - Must receive mobile phone text code



How to Successfully Authenticate

- 10 to 12 minute process for new users to register via Secure Access
- Process repeatedly explains what tools/information needed for success
- Repeatedly offers Get Transcript by Mail as an option
- Other self-help tools, including IP PIN, added as warranted
- Get Transcript Online for taxpayer use only



Higher Security/Lower Access

- Trade offs for higher security
- Fewer people able to authenticate
 - IRS monitoring pass rate;
 - Evaluate and adjust as necessary
- Get Transcript by Mail option
- Taxpayers always should retain copies of prior year tax returns



Looking Ahead – Digital Demand

- Secure Access provides foundation for future self-help tools
- Taxpayers demanding more digital options
- Cost of IRS personal service: \$40/\$60 per transaction
- Cost of IRS digital service: \$1 per transaction
- IRS remains committed to providing services needed by taxpayers



More Information

- See [News Release 2016-85](#)
- See [Fact Sheet 2016-20](#)



IRS Future State

- *An evolving effort to meet taxpayer needs*

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The Taxpayer Component

A central concept of the Future State focuses on taxpayers and how to provide the services they need in the way that works for them.



The Taxpayer Component

- A more complete online experience
- Freeing up resources for those who need I-on-I assistance
- More up-front issue identification when the return is filed
- Improved authentication to prevent fraudulent returns using stolen identities



Ongoing Activities

Several projects underway will help us identify areas where we can become more effective, more efficient and/or generate savings to reinvest in the future.



Common Themes / Focus Areas

1. Aligning IRS resources with priority programs
2. Increasing work stream agility and efficiency
3. Selecting the highest value work
4. Making the best use of employee skills
5. Improving customer service and reducing taxpayer burden
6. Providing taxpayers online options for meeting their tax compliance responsibilities
7. Identifying and deterring non-compliance at the earliest possible time



Example Ongoing Initiatives

- Security Summit Group
- Taxpayer Assistance Centers Appointment-Based System
- Improved Online Services
- Compliance Realignment
- Identity Theft Victim Assistance
- Enterprise Records Management



Example Ongoing Initiatives

- Early Interaction Initiative (Payroll Taxes)
- Online Payment Agreements



Operational Efficiencies

Several projects underway will help us identify areas where we can become more effective, more efficient and/or generate savings to reinvest in the future.



Key Themes

- A well-equipped and efficient workforce
- Analytics / data-driven decisions
- More flexible work environment
- Better coordination with internal and external stakeholders



For more information, search using
keywords “Future State” on IRS.gov

• **Thank You!**



Contact information

Name – Ley Mills

Phone Number – 804-916-3892

E-Mail Address – herbert.mills@irs.gov

