

Basic Information Concerning

# Offer in Compromise



A publication of the  
Louisiana Department of Revenue  
P.O. Box 201, Baton Rouge, LA 70821-0201

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## Louisiana Department of Revenue

### Basic Information Concerning **Offer in Compromise**

Before submitting an *Offer in Compromise*, please consider the following:

An approved *Offer in Compromise* usually results in a lump-sum payment to the Louisiana Department of Revenue. However, in extraordinary circumstances, the Department may consider offers that provide payments to be made over a period of time based on future income. Funds previously collected by the Department will not be considered part of an *Offer in Compromise*.

An approved *Offer in Compromise* is not protected by the confidentiality provisions of Louisiana Revised Statutes 47:1508 and 1508.1. An *Offer in Compromise*, signed by all parties and including the reason, **is a public record and is open to public inspection upon request**. A list of approved *Offers in Compromise* is required to be published in the Department's annual report.

### **Compromise Procedures**

#### **I. Compromise of Tax Liabilities**

The Secretary of Revenue, with the written approval of two assistant secretaries and the Louisiana Board of Tax Appeals, under R.S. 47:295 and 1578(4), may compromise any judgments for taxes of \$500,000 or less, exclusive of interest and penalty, including assessments for such amounts that are equivalent to judgments upon a determination that any of the following apply:

- a. There is serious doubt as to the collectibility of the outstanding judgment.
- b. There is serious doubt as to the taxpayer's liability for the outstanding judgment.
- c. The administration and collection costs involved would exceed the amount of the outstanding liability.

#### **II. Offer in Compromise**

- a. An *Offer in Compromise* must be submitted in writing to the Department of Revenue. A financial statement made under oath must be submitted with any request for an *Offer in Compromise* that is based on serious doubt as to the collectibility of an outstanding judgment. Forms shall be provided by the Department of Revenue. A conference may be scheduled with the appropriate director for the purpose of discussing a possible offer.
- b. A nonrefundable payment of 10 percent of the offered amount may be required to accompany an *Offer in Compromise*. In the event the *Offer in Compromise* is rejected, the deposit shall be applied to the taxpayer's outstanding tax liability.
- c. Collection efforts shall not be automatically suspended upon the making of an *Offer in Compromise*. However, the Department may suspend its collection efforts if the interest of the State will not be affected.
- d. No *Offer in Compromise* shall be considered while a criminal investigation or prosecution is pending.
- e. Interest and penalty will continue to accrue on the unpaid tax liability.
- f. State tax liens will not be released until the offer is accepted and the amount offered is paid in full.

- g. At the time an *Offer in Compromise* is submitted, the running of the statutory period for collection of the tax is suspended for the period of time the offer is pending.
- h. The investigation of the *Offer in Compromise* may require extensive verification of financial facts, statements, and other related items. The investigation may include a personal inspection of businesses, residences, vehicles, and other financial assets. A full consumer credit report may be obtained before the offer will be considered. A final decision usually will be issued within six months.
- i. If represented by an attorney, CPA, or enrolled agent, a power of attorney or written consent must be attached.
- j. No alterations, revisions, or deletions of the preprinted sections of the supplied *Offer in Compromise* forms are allowed.

### **III. Effect of Compromise**

- a. A compromise shall conclusively settle all tax liabilities of the offerer for the type of tax compromised for the tax period covered by the agreement. Where a tax liability is reduced by a compromise, penalty and interest accruing on the portion of the tax eliminated shall also be removed by the compromise, unless the agreement provides otherwise.
- b. A compromise agreement may be reformed or set aside by action of the Secretary of Revenue for the following reason(s):
  - 1. The financial statement was falsified or assets were concealed;
  - 2. Assets were fraudulently transferred prior to the agreement or were liquidated and/or concealed during the review process;
  - 3. At the time of the agreement there existed a mutual mistake of a material fact sufficient to justify reforming or setting aside the agreement.
  - 4. The taxpayer failed to comply with the terms of the agreement.

Louisiana Department of Revenue

**Document Checklist for Offer in Compromise  
Based on Serious Doubt as to Collectibility**

Consideration for an *Offer in Compromise* based on serious doubt as to collectibility will require an in-depth financial analysis. To expedite this process, it is necessary that the following information and documents be provided along with the initial application.

- Copies of federal income tax returns for the two most current years.
- Copies of bank statements for all checking and savings accounts, personal and/or business, for the most current six months.
- Copies of current statements showing the value of all retirement accounts, pensions, and profit-sharing plans for the most current six months.
- A list of all stocks, bonds, and/or other securities owned, along with the current market value of each.
- A statement from the insurance company for each life insurance policy showing the current cash loan value, accumulated dividends and interest, dates and amounts of policy loans, and the amounts of loans.
- A list of all real estate owned, wholly or in part, with appraisals, if available, and a statement of payoff on each mortgage.
- A statement from lending institutions and other creditors that clearly indicates current balances owed and payment schedule on all notes payable and/or revolving accounts.
- A complete inventory of asset-bearing items contained in all safe deposit boxes, including fair market value of each item, copies of documents, etc.
- Copies of any judgments or legal decrees, excluding bankruptcy, for the past six years.
- A list of all business equipment, office furniture, and other business assets, including the current fair market value of each.
- A list of all accounts receivable (business), showing the payor, amount due, age, and status of each account.
- If personal liability applies, then proof of employment, income, commissions, fees, pensions, etc., must be provided for both **applicant** and **spouse**. Even though the spouse may not be liable, this is needed for equitable distribution of cost-of-living expenses.
- Denials of loan requests by two or more financial institutions.

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I have completed each checkoff item from the above document list. I have checked each item that is applicable.

\_\_\_\_\_  
Name

(      )  
\_\_\_\_\_  
Daytime telephone number

## Louisiana Department of Revenue

**Offer in Compromise  
Based on Serious Doubt as to Collectibility**

To: Secretary of Revenue

Name of taxpayer (business)	Date
Address	Account Number(s)
	Amount of offer
City, State, ZIP	Amount of liability

1. This offer is submitted by the person(s) listed below in an attempt to settle a tax liability resulting from alleged violations of law or failure to pay a tax liability.

Name	Social Security Number
Street Address	
City, State, ZIP	
Name	Social Security Number
Street Address	
City, State, ZIP	

2. It is agreed that the Department of Revenue shall keep all amounts to which the taxpayer(s) may be entitled, under the laws of the State of Louisiana, due to overpayment of any tax or other liability, including interest and penalties, for periods ending before this offer is accepted, and the overpayment is not in excess of the difference between the liability sought to be settled and the amount offered. **Any such refunds received after this offer is accepted must be returned immediately by the taxpayer.**
3. It is also agreed that on notice to the taxpayer of the acceptance of this offer, the taxpayer shall have no right to contest, in court or otherwise, the liability sought to be settled. If there is an installment payment offer and there is a default in payment due under its terms, the Secretary of Revenue or a designee may disregard the amount of the offer and, without further notice of any kind, assess and collect by levy the balance of the original liability.
4. It is further agreed that the taxpayer(s) waives prescription applicable to the assessment and collection of the liability sought to be settled and agrees to the suspension of prescription on assessment and collection for the period during which the offer is pending. If settlement provides for installment payments, the suspension of prescription will be for an additional period ending one year after the due date of the last payment. The offer shall be deemed pending from the date of acceptance of the waiver of the statutory period of limitations until the date the offer is formally accepted, rejected, or withdrawn in writing.

**Please complete the reverse side of this form.**



To whom it may concern:

Pursuant to Section 604(2) of the Fair Credit Reporting Act, you are hereby authorized to release financial information, data, records, etc., that you may have access to or that is in your possession as it pertains to

\_\_\_\_\_ Full name of taxpayer

\_\_\_\_\_ Address of taxpayer

\_\_\_\_\_ Social Security Number of taxpayer

or to

\_\_\_\_\_ Full name of company

\_\_\_\_\_ Address of company

\_\_\_\_\_ Taxpayer Account Number

to the Louisiana Department of Revenue, \_\_\_\_\_ Attention: Person or department

\_\_\_\_\_ Address Telephone

I understand that the above requested information is confidential and protected under Louisiana Revised Statute 47:1508. I further understand that anyone unlawfully divulging or disclosing this information in violation of R.S. 47:1508 shall be punished in accordance with the law. I have been informed of my rights under R.S. 47:1508 and understand my rights under that statute. Notwithstanding, I hereby consent to the divulgence and disclosure of this otherwise confidential information and waive all of the rights granted to me under R.S. 47:1508.

\_\_\_\_\_ Taxpayer signature

Sworn to and subscribed before me this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, at East Baton Rouge Parish, State of Louisiana.

\_\_\_\_\_ Year

Witnesses

\_\_\_\_\_

\_\_\_\_\_ Notary Public