

Iowa Code section 421.5 allows the Department to settle unpaid debts under certain circumstances. An Offer in Compromise with the Iowa Department of Revenue is a written agreement to settle an unpaid assessed debt for less than the total amount owed due to doubtful collectability or severe economic hardship.

**Use This Packet if You Meet One or Both of the Following Criteria:**

- **Doubtful collectability.** Doubt as to collectability may exist where the taxpayer's assets and discretionary income may not satisfy the full amount of the liability after satisfying senior priority liabilities. An offer to settle based on doubt as to collectability may be considered acceptable if it is unlikely that the tax, penalty, and interest can be collected in full and the offer reasonably reflects the amount the department could collect through other means, including administrative and judicial collection remedies. This amount is the reasonable collection potential of a case. In determining the reasonable collection potential of a case, the department will take into account the taxpayer's verifiable reasonable basic living expenses. In some cases, the department may accept an offer of less than the total reasonable collection potential of a case, due to special circumstances.
- **Severe economic hardship.** The department may settle where it determines that, although collection in full could be achieved, collection of the full amount would cause the taxpayer severe economic hardship. Severe economic hardship may include the inability to pay reasonable basic living expenses. An offer to settle based on economic hardship may be considered acceptable when, even though the tax, penalty, and interest could be collected in full, the amount offered reflects the amount the department can collect without causing the taxpayer severe economic hardship.

For more information, see Iowa Administrative Code rule 701—19.

**Some Factors the Department Considers when Reviewing an Offer in Compromise Include:**

- Household income
- Household expenses
- Household assets
- Current with Iowa tax return filings

**What is Required to Submit:**

- Forms provided to complete and submit include:
  - Offer in Compromise Terms
  - Taxpayer's Statement of Facts to Support Offer in Compromise
  - Statement of Financial Condition Form
- Documents to verify monthly income and expenses
- Power of Attorney form, if applicable
- Certified check, or money order, made payable to: Iowa Department of Revenue

**NOTE:** personal checks are not accepted.

**How to Submit an Offer in Compromise:**

- Respond online at [govconnect.iowa.gov](http://govconnect.iowa.gov), select Respond to a Letter, and mail your payment, or
- Complete and mail the required forms, including payment, to Iowa Department of Revenue, PO Box 14462, Des Moines, IA 50306-4462.

**How Long Will It Take to Get a Decision?**

- The Department strives to process offers within 60 days from date of receipt.

**What Happens if my Offer is Accepted?**

- The Department will send you a letter indicating your offer was approved.
- Tax liabilities included in the offer will be resolved.
- When an Offer in Compromise is accepted, you waive the right to appeal or contest any debt and/or refund claims associated with this debt.

**What Happens if My Offer is Not Accepted?**

- The Department will send you a letter indicating your offer was denied.
- The Department may contact you to propose an acceptable payment amount.
- Contact the Department immediately to arrange a repayment plan.
- If you are currently on a payment plan, no change is needed.

**Will Collection Activity Continue?**

Yes. Collection activities will continue while the offer is being reviewed, and interest continues to accrue on the outstanding balance due.

**Your Rights as a Taxpayer:**

For more information on your rights as a taxpayer, go to [tax.iowa.gov/TBOR](http://tax.iowa.gov/TBOR).

OFFER IN COMPROMISE TERMS

I (We) \_\_\_\_\_ offer to pay \$ \_\_\_\_\_ as full settlement of unpaid \_\_\_\_\_ (tax type) tax for \_\_\_\_\_ (list each period), with a current balance due of \$ \_\_\_\_\_ .

I (We) voluntarily submit any payments included with this application.

I (We) understand that the Department will continue collection activities while this application is under review. This includes payment agreements, wage assignments, levies, garnishments, setoffs, or any other legal actions.

I (We) understand that payments received, including setoffs, prior to or during processing of this Offer in Compromise will not be considered as part of the offer.

I (We) understand that if I (we) or a related entity file (or have filed) a bankruptcy case and the Department files a claim in the case, the Department will be entitled to any payments from the bankruptcy case, in addition to the amount offered in the compromise.

I (We) understand that I (we) will remain liable for the full amount of the tax, penalty, or interest liability until I (we) have met all of the terms and conditions of this application and this application is approved by the Department.

I (We) understand that, in accordance with Iowa Code section 421.5, I (we) have no right to settlement. Any determination by the Department regarding this application is discretionary and shall be final and conclusive except in the case of fraud or mutual mistake of material fact.

I (We) agree any settlement will be void if the Department determines I (we) have not provided a full, complete, and accurate application of all income, assets, and transfers or I (we) have made material false misrepresentations or any fraudulent representations.

\_\_\_\_\_ (Initial) The account is not under appeal.

\_\_\_\_\_ (Initial) I (We) am/are not the subject of a criminal investigation related to any tax liability nor have I (we) been charged with or convicted of a crime in relation to a tax liability.

I (We) understand that this application, if accepted, is a settlement agreement and settlement agreements are public records pursuant to Iowa Code section 22.13.

If the Offer in Compromise is accepted, I (we) agree that all administrative and judicial appeals and actions, in which the tax liability that is the subject of this application, shall be dismissed with prejudice.

I (We) also agree to waive and release all future appeals or refund claim rights for the taxes and tax periods that are the subject of this offer in compromise if the Offer is accepted.

I (We) agree to release all claims, including but not limited to claims for damages or attorney fees, against the Iowa Department of Revenue arising from or related to the examination, audit, assessment, or collection of the tax liability that is the subject of this settlement request.

If the Offer in Compromise is not accepted, I (we) would like the payment submitted with the offer:

- returned to me, or
 applied to my existing liability.

I (We) submit the following Offer in Compromise to the Iowa Department of Revenue in accordance with the law. Under the penalties of perjury, I (we) declare that I (we) have examined this application, including any attachments, and to the best of my (our) knowledge and belief, it is true, correct, and complete.

Signature

Date

Signature

Date

**Taxpayer's Statement of Facts to Support Offer in Compromise**

Describe what caused this liability.

Why are you unable to pay this liability in full?

What steps are you taking to pay your taxes timely in the future?

Why should we accept your Offer in Compromise?

How did you determine the payment amount to submit with your Offer in Compromise?

Where did you get the money for your Offer in Compromise?

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

Statement of Financial Condition Form

<b>NAME</b>	Name (First Name, Middle Initial, Last Name)		Last 4 of SSN	Birthdate	
	Spouse (First Name, Middle Initial, Last Name)		Last 4 of SSN	Birthdate	
	Current Mailing Address			City, State, Zip	
	Daytime Telephone No.		Email		
	No. of Dependents		Names & Ages		

<b>EMPLOYER</b>	Employer		Length of Time Employed	Position		
	Address		City, State, Zip		Business Telephone No.	
	Monthly Gross Pay			Monthly Net Pay		
	Spouse's Employer		Length of Time Employed	Position		
	Address		City, State, Zip		Business Telephone No.	
	Monthly Gross Pay			Monthly Net Pay		

Required Attachments: Two recent pay stubs for all wages listed.

<b>VEHICLE(S)</b>	Year	Make	Model	License Plate Number	Vehicle Trade-In Value	Current Balance Owed

<b>REAL ESTATE</b>	Property Address	Years Owned	Value	Purchase Price	Current Balance Owed	Unpaid Property Tax Amount

<b>BANK INFORMATION</b>	Type of Account	Name of Financial Institution	Address		Current Balance	
	Checking					
	Savings					
	IRA					
	401K					
	Deferred Comp					
	Stocks & Bonds					
	Brokerage Accounts					
	Other					
<b>ASSETS</b>	Item	Value		Item	Value	
	Boat, Trailer			Motorcycle		
	Recreational Vehicle			Snowmobile		
	Tractor(s)			Other		
	Life Ins (Cash Value)			Other		
<b>INCOME AND EXPENSE INFORMATION</b>	Monthly Income				Monthly Expenses	
	Source	You	Spouse	Other Household Members	Source	Dollar Amount
	Wages, salaries, tips				Rent, Mortgage	
	Interest income, dividend income				Electric	
	Alimony received				Water	
	Business income, self-employment income, farm income				Gas	
	Capital gains				Phone	
	IRA distributions				Internet	
	Pensions, annuities, SSI, SSDI				Cable	
	Rental income, royalties, partnerships, estates				Groceries	
	Gifts, loans				Medical (out-of-pocket)	

<b>INCOME AND EXPENSE INFORMATION</b>	Gambling winnings				Auto Insurance	
	Unemployment compensation				Life Insurance	
	Worker's compensation				Health Insurance	
	Federal assistance				Home Insurance	
	State assistance				Child Care	
	Child support				Tuition	
	Sale of personal property				Loan Payments	
	Settlement				Installment Payments	
	Restitution income				Clothing	
	Other income (specify)				Car Expenses	
	Other income (specify)				Transportation	
					Credit Card	
					Child Support	
					Federal Taxes	
					State Taxes	
					Legal Fees	
					Restitution	
					Property Tax	
					Other (Specify)	
					Other (Specify)	
Total Monthly Income				Total Monthly Expenses		

Required Attachments: Two recent bank statements indicating monthly expenses incurred.

<b>BUSINESS INFORMATION</b>	Business Legal Name				Doing Business As				
	Federal Employer Identification Number (FEIN)								
	Address								
	City			State	ZIP	County			
	Power of Attorney				Power of Attorney				
	Address				Address				
	City	State	ZIP	Phone	City	State	ZIP	Phone	
	Officers or Managers of the Business								
	Name		Title	Phone	Address		City	State	ZIP
	Name		Title	Phone	Address		City	State	ZIP
Name		Title	Phone	Address		City	State	ZIP	

Required Attachments: A copy of the last filed Federal tax return and a copy of the last filed State tax return.

Miscellaneous Information:

- Attach a separate sheet of paper for any other information, such as expected changes in income or expenses.
- Attach a separate sheet of paper showing assets transferred/sold/disposed of in the last two years.
- If you are self-employed, attach a copy of Schedule C, from the federal tax return, for the last two years.

Required Attachment Checklist:

- Two recent pay stubs for all wages listed
- Two recent bank statements indicating monthly expenses incurred
- A copy of the last filed Federal tax return
- A copy of the last filed State tax return