

# **Getting to the Bottom Line: Form 433**

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## **GLOSSARY OF ACRONYMS**

23C	Assessment Date	
ACA	Affordable Care Act (a.k.a. Obamacare)	
ACS	Automated Collection System	
AO	Appeals Officer	
ASED	Assessment Statute Expiration Date	
CAF	Centralized Authorization File	
CAP	Collection Appeals Program	
CID	Criminal Investigation Division	
CIS	Collection Information Statement (Form 433)	
CDP	Collection Due Process	
CNC	Currently-Not-Collectable (a.k.a. “53ing” the account)	
CSED	Collection Statute Expiration Date	
DIF	Discriminate Index Function	
DLN	Document Locator Number	
DO	Disclosure Office	
DS	Disclosure Specialist	
FOIA	Freedom of Information Act	
IA	Installment Agreement	
IRC	Internal Revenue Code	
IRM	Internal Revenue Manual	
NRS	Non-requesting Spouse (Innocent Spouses Cases)	
OIC	Offer-in-Compromise	
PLR	Private Letter Ruling	
POA	Power-of-Attorney (Form 2848)	
RA	Revenue Agent (Field Examiner)	
	RAR	Reviewing
	Agents’ Report (Audit Results – Form 4549)	
Rev. Proc.	Revenue Procedure	
Rev. Rul.	Revenue Ruling	
RO	Revenue Officer (Collections)	
RS	Requesting Spouse (Innocent Spouse Cases)	
RSED	Refund Statute Expiration Date	
SO	Settlement Officer (Collection Appeals)	
TC	Tax Court (Regular) Opinion	
TC Summ.	Tax Court Summary Opinion	
TCM	Tax Court Memorandum Opinion	
TCO	Tax Compliance Officer (Office Examiner)	
Treas. Reg.	Treasury Regulation	

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## **Overview and Objectives**

The purpose of this session is to introduce the tax controversy practitioner to the main forms used in analyzing and resolving collection cases with the IRS.

After completing this session, you should be familiar with the various Collection Information Statements (CIS) that can be used by the various collection personnel of the IRS, the proper form to use for specific cases, and be able to help your client with their preparation and submission.

## **The Collection Process**

The initial step in the collection process is for the IRS to establish an “account receivable” in the taxpayer's name by assessing the taxpayer's liability. The “assessment” is vital because the IRS cannot collect the unsatisfied portion of the assessment by administrative means until the IRS demands payment, which in turn cannot be done until a proper assessment has been made. If all or part of the assessed amount remains unpaid, one or more “enforcement” collection actions can be taken.

The procedure for collecting delinquent taxes involves several phases. The first phase consists of a series of computer-generated notices sent to the delinquent taxpayer from the IRS Campuses (Service Centers). Cases not settled during the notice phase are processed through the Automated Collection System or are forwarded to a Revenue Officer in the local IRS Compliance Office, who contacts the taxpayer to resolve the matter.

The IRS can obtain information by having the taxpayer complete a Form 433 “Collection Information Statement” (a/k/a CIS). If the CIS shows that the taxpayer cannot pay his tax liability in a lump sum and has no equity in assets against which to borrow, then an alternative solution can be secured, such as an installment agreement, having the account declared “not currently collectable”, or possibly an offer-in-compromise.

## **The Automated Collection System (ACS)**

The Automated Collection System (ACS) is a paperless inventory system that maintains a computerized database of taxpayer delinquent accounts (TDAs) and taxpayer delinquency investigations (TDIs). ACS's goal is to resolve the account as quickly as possible, using levy sources in its files, if need be.

Initially, a collection case may be worked by Customer Service Representative (CSR), if the amount owed and type of tax is within their authority. (If the case is assigned to Customer Service, practitioners can call the Practitioner Priority Service at 866-860-4259.) Any case that exceeds CSR's authority, or is not resolved before the 30th day after the issuance of Notice CP 504, will be sent to ACS. However, some cases bypass ACS and go directly to the field and are assigned to a Revenue Officer.

When dealing with ACS, the practitioner is working with a computerized collection system. One of the more frustrating aspects of dealing with ACS is the lack of continuity between assistors and ACS centers. Information given to the assistor should be documented in the case file. Although financial information may have been given in the initial call, subsequent calls require the same information be provided to a different assistor.

### **The “Revenue Officer”**

Revenue Officers (ROs) are the IRS's bill collectors. Revenue Officers possess tremendous authority and power. In general, Revenue Officers can do any of the following when dealing with a practitioner:

- Enter into a short-term extension of time to pay or longer-term installment agreement
- Review an offer in compromise and send it forward for processing,
- Determine that the taxes are not currently collectible, and place collection on hold,
- Issue levies to seize the taxpayer's wages, salary, bank accounts, and other assets,
- File Notices of Federal Tax Lien (NFTL),
- Abate penalties (unless assessed by examination), and
- Refer cases to Criminal Investigation.

Revenue Officers are urged to make prompt contact with taxpayers, either by telephone or in person (a “field visit”). According to a Small Business/Self-Employed Division



memo (SBSE-05-0611-048), the deadline for making initial contact on a newly assigned case is 45 calendar days from the date of receipt. If a field visit does not result in personal contact with the taxpayer, the Revenue Officer will leave a calling card [e.g., Form 2246 (Field Contact Card)] asking the taxpayer to contact them and, if possible, confirm the address with the landlord, neighbors, or the local post office. Normally, the response time expected by the Revenue Officer is within two business days.

During the initial contact, the Revenue Officer will take one or more of the following actions, as appropriate:

1. Verify compliance with all filing and payment requirements,
2. Demand full payment of all delinquent accounts,
3. Demand filing of all delinquent returns with full payment, and
4. Determine the reason for the delinquency.

If a taxpayer is unable to comply with the Revenue Officer's initial request for payment, the Revenue Officer will attempt to secure the maximum amount payable that day and demand the balance within the shortest possible period of time. The Revenue Officer will attempt to determine the assets owned by the taxpayer that would be available for seizure and sale to satisfy the tax liability.

## **The Collection Information Statement**

The CIS is the principal way the IRS gathers the necessary information to determine your client's ability to pay their tax liabilities. Simply stated, the CIS is your client's financial statement. The preparation of this document, more often than not, determines which way the Service will proceed with its collection activity. In most cases, the IRS will not give extended payment plans on unpaid tax liabilities unless the CIS has been submitted by your client.

- As with income tax returns, the CIS is signed under penalty of perjury. It is "best practice" to have the taxpayer initially complete the financial statement. By following this advice, the practitioner avoids the clients placing any blame on you for any errors and/or misstatements in the CIS. Although, you should carefully review the financial statement with your client – in the author's opinion, **the practitioner should never sign the CIS on the taxpayer's behalf, even if specifically authorized in writing to do so by the taxpayer.**

## **Form 433-A**

Form 433-A (Collection Information Statement for Wage Earners and Self-Employed Individuals) provides the information needed to determine how an individual taxpayer can satisfy his tax liability. See Appendix A for a Form 433-A.

Form 433-A is normally filed by individuals who:

- Owe income tax on Form 1040,
- May be liable for a IRC § 6672 penalty (better known as the trust fund recovery penalty),
- May be personally responsible for a partnership liability,
- Own a limited liability company, that is a disregarded entity, or
- Are self-employed or have self-employment income.

Generally, the IRS will normally demand immediate payment if your client indicates substantial equity on the balance sheet. Also, page 6 is a monthly income and expense analysis, therefore, the IRS will normally not grant an installment agreement for less than the difference between the income and “allowable expenses”. It is very likely that those “allowable expenses” will be less than the actual amount being paid by your client.

## **Form 433-B**

Form 433-B (Collection Information Statement for Businesses) provides information needed to determine how a business taxpayer can satisfy its’ tax liability. See Appendix B for a Form 433-B.

- Of special note is page 3, which requests that your client disclose each of its’ accounts receivable. In the author’s opinion, it is imprudent to disclose such information at the initial negotiation session because if disclosure is made and negotiations fail (as they sometimes do), the IRS might levy your client’s accounts receivable and (quite possibly – overnight) destroy his or her business. Therefore, in practice, the author accurately reflects the value of the client’s accounts receivable, but not the individual accounts.

If the CIS show that the business has substantial net worth, the IRS will seldom grant a request for an extended installment agreement. Therefore, if that is the case, the author recommends to have your client borrow the money (if they can) as commercial loans are much less expensive than the IRS's interest and penalties.

If the business is a partnership and the CIS reveals insufficient assets to satisfy the partnership's liability (e.g., employment taxes), the IRS will require a Form 433-A from each partner to analyze their collection potential.

If the business is a corporation (or a limited liability company), the IRS will secure only the Form 433-B unless assertion of the trust fund recovery penalty is appropriate.

- **Page 6 is a cash flow statement, not a profit and loss statement.** The IRS will not grant an installment agreement if your client indicates a large positive monthly cash flow. On the other hand, the service will also not grant an installment agreement to a company with a negative monthly cash flow. Therefore, a client with a small positive monthly cash flow has the best chance of securing an installment agreement to pay their tax liabilities.
- **Practice Tip:** If your client's CIS reflects a negative cash flow, submitting a cash flow projection which establishes that your client has the potential to generate positive cash flow might be sufficient for you to negotiate a favorable installment agreement for your client.

## Form 433-F

Form 433-F is a simplified version of the CIS and utilized by Customer Service Representatives (CSR) and ACS to gather financial data from individuals with smaller tax liabilities. See Appendix C for a Form 433-F.

While the Form 433-F is not normally used by Revenue Officers (and most ROs will still ask for a Form 433-A) the IRM was expanded on Oct. 2, 2012 to allow its use with ROs. See IRM 5.15.1.1, which states:

Revenue Officers may use Form 433-F:

- For Trust Fund Recovery Penalty (TFRP) investigations when the individual is a wage earner and the potential TFRP is less than \$100,000, and

- For self-employed and individual wage earners who owe for IMF liabilities only, with an aggregate balance of assessments less than \$250,000.

Again, the IRS will normally require your client(s) to enter into an installment agreement that equals his or her monthly income less the “allowable expenses” shown on the CIS.

- In the author’s experience, the personnel assigned to negotiate installment agreements in CSR and ACS are NOT well trained in financial analysis, therefore, unreasonable payment demands are not uncommon. If you don’t agree with the payment amount requested by a CRS or ACS employee, request to speak to his and/or her supervisor.
- Because of the limited disclosures, when negotiating a case over the telephone with \$50,000 or less of tax liability owed, it is best to use Form 433-F.

### **Form 433-A/B (OIC)**

Form 433-A/B (OIC) is a specialized version of the CIS and is the most important document in a doubt-as-to-collectability Offer-in-Compromise is the taxpayer's financial statement. Form 433 -A (OIC) (Collection Information Statement for Wage Earners and Self-Employed Individuals) is completed by taxpayers who are wage earners or self-employed, while Form 433 -B (OIC) (Collection Information Statement for Businesses) is used when the taxpayer is a business. See Appendix D for a Form 433-A (OIC).

### **Dangers of Submitting a CIS**

A quick examination of the CIS will indicate that most of the information requested is potentially harmful to your client. The first few pages of Form 433-A are almost entirely dedicated to gathering levy sources. In these pages, the IRS requires disclosure of real estate, employers, motor vehicles, bank accounts, pension plans, brokerage accounts, and all other assets of your client. The simple fact is that the CIS is a “roadmap” of your client’s assets, which can be levied and/or seized by the IRS to satisfy their outstanding tax liabilities, if another alternative remedy cannot be agreed upon.

- Although a CIS provides the CRS, ACS, and/or Revenue Officer with a complete “roadmap” of the taxpayer’s assets failing to provide one when requested may result in a levy of assets or a summons to bring in the information so that the IRS

may complete a CIS. Consequently, refusing to provide a completed CIS should only be done after careful thought and consideration of the facts and the likely consequences and should not be done without discussion, and (written) consent and disclosure from the taxpayer.

If the taxpayer has made the mistake of calling ACS or speaking directly with the Revenue Officer, neither will tell the taxpayer at the beginning of the interview that the primary purpose of the CIS is to identify levy sources and assets for potential seizure, and/or levy, since this may cause the taxpayer to withhold useful information. The IRS will simply state that the purpose of the CIS is to determine their ability to pay.

- **While it is appropriate to be conservative in valuing assets, never allow your client to intentionally omit assets or misrepresent value.**
- **In the author's opinion, you should address the possible need for complete financial disclosure in your engagement agreement so that in the event a resolution that is amicable for both the IRS and your client is not reached, and the IRS proceeds with enforced collections, you will have written proof that the matter was discussed and that your client was made aware of the possible consequences of completing a CIS.**

## **Required Documentation**

The IRS will require certain supporting documentation to be submitted with the CIS. Therefore it is important for you to analyze the supporting documentation supplied by your client to ensure it does not conflict with the information your client provided on the CIS. Any discrepancies or irregularities should be discussed and resolved with the client before submitting the CIS and supporting documentation to ACS and/or the Revenue Officer.

- As a matter of practice, your client should supply you with documents for any and all expenses that is amenable to proving. Examples would include payment books, canceled checks, leases, pay stubs, rent receipts and other documentation. Having documentation readily available to show and/or send will help you secure a more realistic installment agreement for your client.

## **Installment Agreements**

An installment agreement (IA) is the end result of your efforts to *accurately* present the taxpayer's financial status on a CIS and negotiating a monthly payment that is acceptable to both the Service and the taxpayer.

The IRS has statutory authority to enter into a written installment agreement that enables the taxpayer to pay his or her tax liability over a period of time if the arrangement will facilitate collection of the tax. See IRC § 6159(a). The term *taxpayer* means any person subject to an internal revenue tax. See IRC § 7701(a)(14). The term *person* includes an individual, a trust, estate, partnership, association, company or corporation. See IRC § 7701(a)(1). The word *tax* also refers to “additions to tax, additional amounts, and penalties” provided by Chapter 68 of the IRC. See IRC § 6665(a)(2).

The IRM provides procedures for establishing installment agreements utilizing Guaranteed, Streamlined, or In-Business Express criteria. These agreements reduce taxpayer burden because they may be processed quickly and without securing a CIS, (and giving the IRS a roadmap to all of the taxpayer’s financial data).

Collection employee’s ONLY objective is to collect the tax liability as quickly as possible. With the exception of taxpayers who qualify for a guaranteed or streamlined installment agreement, when analysis of a taxpayer’s assets provides no obvious solution for liquidating the liability, the Collection employee should analyze the taxpayer’s income and expenses to determine the amount of disposable income available to apply to the tax liability. *Disposable income* equals the income remaining after “allowable expenses” are deducted from gross income, including deductions required by law to be withheld [e.g., federal and state income taxes, social security (FICA and Medicare), contributions, and wage garnishments] as well as child support or alimony payments made under court order or a legally enforceable written agreement.

The actual request for an IA can be made by preparing and submitting Form 9465 (Installment Agreement Request), along with a completed CIS, if required, or calling the telephone number on the IRS bill or notice, or calling the Revenue Officer. Furthermore, the taxpayer or the practitioner can apply online (see below), if the taxpayer owes \$50,000 or less in combined individual income tax, penalties, and interest.

When considering or executing an installment agreement, the client needs to understand that penalties and interest will continue to accrue on the unpaid liability. The penalty for failure to pay tax by an individual is half the usual rate (0.25% instead of 0.5%) for any month in which an installment payment agreement is in effect. See IRC § 6651(h). Conversely, the penalty is double the usual rate (1%) if the IRS believes that collection of the tax is in jeopardy or intends to levy. See IRC § 6651(d).

## ***Guaranteed Installment Agreements***

IRC Sec. 6159(c) requires the Service to accept proposed installment agreements from an individual who owes income tax of \$10,000 or less (excluding penalties and interest), agrees to fully pay the tax liability within three years, has not entered into an installment agreement within the preceding five tax years, has not failed to file an income tax return or pay any tax shown on such returns during any of the preceding five tax years, and agrees to file and pay all tax returns during the term of the agreement. Unlike streamlined agreements, the dollar limit applies to tax only; penalties or interest (assessed or accrued) do not count. See IRM 5.14.5.3.

As a matter of policy, the Service grants guaranteed agreements even if taxpayers are able to fully pay their accounts. See also IRM 5.14.1.4, and IRM 5.14.5.2.

Unlike the criteria for streamlined agreements, the dollar limit for guaranteed agreements of \$10,000 only applies to tax. The taxpayer may owe additional amounts in penalty and interest (both assessed and accrued) and qualify for a guaranteed agreement, so long as the tax liability alone is not greater than \$10,000.

Guaranteed installment agreements may be granted by Revenue Officers and other contact employees. Managerial approval is not required for these agreements.

A lien determination is not required for a guaranteed installment agreement but may be made at the discretion of the revenue officer and liens may be filed.

## ***Streamlined Installment Agreements for \$50,000 or Less***

Available if the taxpayer owes \$50,000 or less, can pay the amount owed within 72 months (or prior to the Collection Statute Expiration Date (CSED), if earlier), is current with all filing and payment obligations, and owes any type of tax (Form 1040, trust fund recovery penalty, etc.). (Other rules apply to defunct businesses of any type and operating businesses.) The dollar limit includes tax, assessed penalty and interest, and all other assessments on the tax modules, but does not include accrued penalty and interest. See IRM 5.14.5.2.

- Streamlined installment agreements with a SUMRY balance between \$25,001 and \$50,000 must be established as a Direct Debit IA or a Payroll Deduction IA. Additionally, if the taxpayer has defaulted an installment agreement for missed payments in the past 12 months, the taxpayer's ability to pay must be verified using the streamlined IA calculator (SLIAC) or a Collection Information Statement (CIS) if it has already been provided by the taxpayer.

## ***In-Business Trust Fund Express Installment Agreements***

Small businesses with employees can qualify for this agreement, which does not require a CIS or financial verification, if the business owes \$25,000 or less at the time the agreement is established, and can pay the amount owed within 24 months (or prior to the CSED, if earlier). To be eligible, the business must be current with all filing and payment requirements, and must enroll in a DDIA, if the amount owed is between \$10,000 and \$25,000. See IRM 5.14.5.4 (05-23-2014).

- Note: Per IRM 5.12.2.3.1 a lien notice filing determination decision is not required for in-business Trust Fund Express Agreements

## ***Partial Payment Installment Agreements***

If full payment cannot be achieved by the CSED but the taxpayer has some ability to pay, the Service can enter into a partial payment agreement. A CIS is required (to determine the taxpayer's ability to pay). In most cases, the taxpayer will be required to use equity in assets to pay liabilities. By law, the IRS is supposed to review the agreement (the taxpayer's financial condition) every two years (see IRC § 6159(d)).

## ***Routine Installment Agreements***

If the taxpayer does not qualify for a guaranteed, streamlined, or in-business trust fund express agreement, a plan for resolving the balance due will be based on the taxpayer's CIS and supporting documentation. Generally, there are no minimum or maximum dollar limits for what can be included in an installment agreement. Instead, the agreement must reflect the taxpayer's ability to pay on a monthly basis throughout the duration of the agreement.

## ***Automated (Online) Payment Agreement***

The Online Payment Agreement (OPA) application, which is available on [www.irs.gov](http://www.irs.gov), allows certain taxpayers or their authorized representatives to self-qualify, apply for, and receive immediate notification of approval.

The OPA application is available to taxpayers who:

- (a) Owe \$50,000 or less (\$25,000 for business), including tax, assessed penalties, and interest;



- (b) Have filed all required tax returns;
- (c) Are current with their tax payments; and
- (d) Can pay the tax plus all penalties and interest within 72 months.

### ***Withdrawal of Notice of Federal Tax Lien (NFTL)***

Of special interest, when a taxpayer enters into a streamlined installment agreement with the monthly payment directly debited from their bank account (DDIA), they may qualify to have any NFTL withdrawn, once three consecutive payments have been processed. See SBSE-05-1212-100 and IRM 5.12.9.3.2.1.

The preferred format for the request is Form 12277 (Application for Withdrawal of Filed Notice of Federal Tax Lien). See Appendix F for a Form 12277. If the IRS determines that all required conditions have not been met, the taxpayer will be informed of available appeal rights under the Collection Appeal Program (CAP) – Form 9423. See Appendix G for a Form 9423.

### **IRS Criteria for Granting an Installment Agreement**

IRS Collection Division employees are trained to analyze the CIS for ways to liquidate assets to full or partially pay the outstanding tax liabilities. See IRM 5.14.1.4.

If your clients have the ability to fully or partially satisfy the tax liabilities by:

- Using cash,
- Withdrawing cash from bank accounts,
- Borrowing on equity in real or personal property,
- Selling real or personal property,

then the IRS Collection Division employee will,

- a. Request full or partial payment be made on balance due accounts
- b. Inform the taxpayer that specific amount of payment requested is based on the conversion of assets (through borrowing or selling); or cash or other liquid assets (such as securities or money market accounts); or other analysis of taxpayer's CIS.
- c. Inform taxpayer that the request for installment agreement will be *recommended for rejection* if there is sufficient equity or cash available to

- fully pay the taxes and full payment is not received by a set date, or if there is sufficient equity or cash available to partially pay the taxes and the partial payment requested is not received by a set date,
- d. Provide a specific deadline for payment. In addition, will notify taxpayer of the consequences of missing the deadline.

**Example:** If a taxpayer has the ability to pay \$3,000 per month on a \$200,000 liability and has a home valued at \$400,000 with equity of \$200,000, the IRS Collection Division employee will require that the taxpayer attempt to borrow on the available equity in the home prior to granting an installment agreement. If the taxpayer does not attempt to borrow on the home, he must be notified that, though the installment agreement request is pending, it will be recommended for rejection. If the taxpayer is able to get a home equity loan and the monies are used to pay taxes, the amount of the payment on the loan will be considered an allowable expense.

**Exception:** If taxpayers are eligible for Streamlined, Guaranteed or In-Business Express agreements, financial statements are not required. (See IRM 5.14.5.2, IRM 5.14.5.3, or IRM 5.14.5.4. respectfully)

When all else fails, and the examination of the CIS has given no obvious solution for liquidating assets in full or partial payment of the liability, the IRS employee will complete the income and expense analysis portion of the CIS for the purpose of determining the maximum monthly installment amount the taxpayer can pay. The IRS collection personnel will review the claimed expenses of the taxpayer, in relation to allowable expenses as determined by the IRS.

## **Preparation of Collection Information Statement**

Even though the taxpayer is represented, Revenue Officers will generally want to conduct an “in person” interview with the taxpayer and record information from the taxpayer on to the CIS. The RO’s objective differs from yours in that he/she will be looking for full payment and giving you and/or client a short period of time to make payments. On the other end of the spectrum, you are typically looking for an installment agreement that does not put your client in a financial bind. “Working out your differences” is not usually obtained at the first meeting and/or telephone conference, but takes time and tough (*but tactful*) negotiating.

- Per IRC § 7521(c), absent the issuance of a summons, a taxpayer has the right to be represented during any in-person interview relating to the determination or collection of tax.
- Per IRC § 7521(b)(2), if a taxpayer is unrepresented and during the course of the collection interview, states that he/she wants to consult with a representative, the IRS **must suspend** the interview to enable the taxpayer a reasonable opportunity to do so. If the right to representation is “ignored” by the RO, the taxpayer should **immediately** request to speak with the group manager.

The most important point in preparing the CIS is to make sure it is *complete, current, and accurate*. Attaching or including as much information as possible that supports line items on the CIS will demonstrate that the taxpayer is operating in good faith and attempting to resolve the tax matter.

## **Allowable Expenses**

IRM 5.15.1 (a/k/a “The Financial Analysis Handbook”), is where the IRS set forth its’ rules for determining how much each taxpayer will pay on outstanding tax debts. A taxpayer will be allowed Necessary Expenses, may be allowed Conditional Expenses, and, at the discretion of the IRS, may be allowed Miscellaneous Expenses.

IRS procedures provide that a necessary expense will be allowable if it meets the necessary expense test. The IRM defines “necessary expenses” as: “Expenses that are necessary to provide for the taxpayer’s and his or her family’s health and welfare and/or the production of income.” The IRS also requires that the expense must be reasonable. The IRS believes the total necessary expense establishes the minimum a taxpayer and family needs to live. See IRM 5.15.1.7.

There are three types of allowable expenses:

- **Allowable Living Expenses** - based on National and Local Standards
- **Other Necessary Expenses** - expenses that meet the necessary expense test, and are normally allowed
- **Other Conditional Expenses** - expenses, which may not meet the necessary expense test, but may be allowable based on the circumstances of an individual case, at the discretion of the IRS

The Allowable Living Expense (ALE) Standards, also known as Collection Financial Standards, provide a standard amount for a taxpayer's and his or her family's health and welfare and/or production of income. These expenses must be reasonable in amount for the size of the family and the geographic location, as well as any unique individual circumstances.

- The Collection Financial Standards are often updated (as recently as March 26, 2018) and can be found on the IRS website at:  
<http://www.irs.gov/Individuals/Collection-Financial-Standards>.

The author highly recommends that you “bookmark” this URL for future reference in your practice.

## **National Standards**

The National Standards establish standards for Food, Clothing and Other Items and Out-of-Pocket Health Care Expenses. Generally, the total number of persons allowed for National Standard expenses should be the same as those allowed as exemptions on the taxpayer's current year income tax return. There may be reasonable exceptions such as recent births, foster children and/or children for whom adoption is pending, that may need to be explained.

- A. *Food, Clothing and Other Items* - These establish reasonable amounts for five necessary expenses: food, housekeeping supplies, apparel and services, personal care products and services, and miscellaneous. (All five amounts are included in one total National Standard expense). The miscellaneous allowance was expanded in April 2012 to include expenses such as credit card payments, bank fees and charges, reading material, and school supplies. These standards come from the Bureau of Labor Statistics (BLS) Consumer Expenditure Survey. Taxpayers are allowed the total National Standards amount monthly for their family size, without questioning the amounts they actually spend.
- B. *Out-of-Pocket Health Care Expenses* - These establish reasonable amounts for out-of-pocket health care costs including medical services, prescription drugs, and medical supplies (e.g., eyeglasses, contact lenses). The table for health care allowances is based on Medical Expenditure Panel Survey data. Taxpayers and their dependents are allowed the standard amount monthly on a per person basis, without questioning the amounts they actually spend. A greater amount may be allowed with substantiation.

- Medical procedures of a purely cosmetic nature, such as plastic surgery or elective dental work are generally not allowed.
- The out-of-pocket health care standard amount is allowed in addition to the amount a taxpayer pays for health insurance.
- A taxpayer who claims more than the total allowed by the national standards must provide documentation to substantiate and justify as necessary those expenses that exceed the total national standard amounts. Deviations from the standard amount are not allowed for miscellaneous expenses.
  - Example: A taxpayer with special dietary needs will be required to establish the justification for additional food expense.

## Local Standards

The local standards establish standards for two necessary expenses: 1) housing and utilities and 2) transportation. Taxpayers will normally be allowed the local standard or the amount actually paid monthly, whichever is less.

- *Housing and Utilities* - Standards are established for each county within a state and are derived from Census and BLS data. The standard for a particular county and family size includes both housing and utilities allowed for a taxpayer's primary place of residence. Housing and Utilities standards include mortgage (including interest) or rent, property taxes, insurance, maintenance, repairs, gas, electric, water, heating oil, garbage collection, cable television, internet services, telephone and cell phone.
  - Note: Usually, these expenses are considered necessary only for the primary place of residence. Any other housing expense will be allowed only if, based on the taxpayer's individual facts and circumstances, the disallowance would cause the taxpayer economic hardship.
- B. *Transportation* - The transportation standards consist of nationwide figures for loan or lease payments referred to as ownership costs, and additional amounts for operating costs broken down by Census Region and Metropolitan Statistical Area. Operating costs include maintenance, repairs, insurance, fuel, registrations, licenses, inspections, parking and tolls. If a taxpayer has a car payment, the allowable ownership cost added to the allowable operating cost equals the allowable transportation expense. If a taxpayer has a car but no car payment, only the operating

cost portion of the transportation standard is used to figure the allowable transportation expense.

**NOTE:** A single taxpayer is allowed ownership and operating costs for only one vehicle.

**NOTE:** There is a single nationwide allowance for public transportation for taxpayers with no vehicle.

- National and local expense standards are guidelines. If it is determined a standard amount is inadequate to provide for a specific taxpayer's basic living expenses, allow a deviation. Require the taxpayer to provide reasonable substantiation and document the case file.
- A deviation from the local standard is not allowed merely because it is inconvenient for taxpayer to dispose of valued assets or reduce excessive necessary expenses.

## Other Necessary Expenses

Other necessary expenses may be considered if they meet the necessary expense tests: **they must provide for the health and welfare of the taxpayer and/or their family, or they must be for the production of income.** This is determined based on the facts and circumstances of each case. The amount allowed must be reasonable considering the taxpayer's individual facts and circumstances.

IRM 5.15.1.10 provides the following rules:

- *Accounting and legal fees:* Allowable if representation before the IRS is needed or meets the necessary expense test. Disallowed if not related to remaining current or solving the current liability, or does not meet the necessary expense test. The amount should not be excessive and must be reasonable given the complexity of the case.
- *Charitable contributions to tax exempt organizations:* Allowable if a condition of employment or meets the necessary expense test. Example: A minister is required to tithe to the church according to his employment contract.
- **Note:** Although the IRM acknowledges that a charitable contribution can be a requirement of employment, in a recent court

case, a taxpayer held two unpaid positions with his church and regularly tithed 10%. The Tax Court did not accept the taxpayer's argument that he was required to tithe as a condition of his church positions or that tithing uplifted his spiritual health, since no evidence was presented of what would be lost if he ceased tithing. See *Thompson v. C.I.R.*, 140 T.C. 4 (2013).

- *Child care (babysitting, day care, nursery, and preschool)*: Allowable if it meets the necessary expense test. Only reasonable amounts are allowed. Large child care expense is not allowed if more reasonable alternatives are available. Consider the age of the child and if both parents work.
- *Court-ordered payments (including alimony and child support)*: If alimony and child support payments are court ordered, reasonable in amount, and are being paid, they are allowable. If payments are not being made, the expense is not allowed unless the nonpayment was due to temporary job loss or illness. Payments included in a state court order are not necessarily allowable (such as a child's college tuition that is not allowable as a necessary expense).
- *Debt*: Secured or legally perfected debt is allowable if it meets the necessary expense test and payments are actually being made. Minimum payments may be allowed on unsecured debt if the taxpayer substantiates the expense, and the necessary expense test of health and welfare and/or production of income is met. Examples of unsecured debts that may be a necessary expense are payments to suppliers and payments on lines of credit needed for business.
- *Dependent care (for elderly, invalid, or handicapped)*: Allowable if there is no alternative to the taxpayer paying the expense.
- *Education*: Allowable if required as a condition of employment. Example: Enrolled Agents must take continuing education credits each year to retain their license. Also allowable if required for a physically or mentally challenged child and no public education alternative is available.
- *Involuntary deductions*: Allowable if a requirement of the job; e.g., union dues, uniforms, work shoes. To determine monthly expenses, total out-of-pocket expenses are divided by 12.

- *Life insurance*: Allowable if a term policy on the life of the taxpayer. If a whole life policy, review as an asset for borrowing against or liquidating.
- *Student loans*: Limited to taxpayer's education. Allowable if secured by the federal government and taxpayer substantiates that payments are being made. In SB/SE-05-0512-047 (May 24, 2012), the IRS stated that when analyzing income and expenses to determine a taxpayer's ability to pay, minimum payments on student loans guaranteed by the federal government will be allowed for post-high school education. Taxpayers must verify that the loan is guaranteed and substantiate that the payments are being made.
- *Loans for payment of Federal Taxes*: If the IRS has received the proceeds of the loan and the taxpayer can document the loan, the payment amount should be allowed.
- *Current Year Taxes*: Allowable if for current federal, FICA, Medicare, state and local taxes. Current taxes are allowed regardless of whether the taxpayer made them in the past.
- *Delinquent state or local taxes* are allowable depending on the priority of the federal tax lien and/or the IRS's agreement with the state or local taxing agency. Follow procedure in IRM 5.15.1.10(4)(b). The IRS stated that when a taxpayer owes delinquent federal taxes and state or local taxes and does not have the ability to fully pay the liabilities, monthly payments on the state or local taxes may be allowed as follows:

IF . . .	AND . . .	THEN . . .
the taxpayer does not have an existing agreement for payment of the delinquent state or local tax debts,	provides a complete Collection Information Statement (CIS) and verification of state or local tax debts,	follow procedures under Determining Allowable Payments for Delinquent State or Local Tax Debts to establish the calculated percentage amount that will be listed as the allowable monthly payment for delinquent state or local taxes on the CIS.
the taxpayer has an	the payment	the monthly amount due on the



**IF . . .**

existing agreement for delinquent state or local tax debts, and that agreement was established after the earliest IRS date of assessment,

the taxpayer has an existing agreement for delinquent state or local tax debts, which was established after the earliest IRS date of assessment,

the taxpayer has an existing agreement for delinquent state or local tax debts, which was established prior to the earliest IRS date of assessment,

**AND . . .**

amount on the state or local agreement is less than the calculated percentage amount,

the payment amount on the agreement is more than the calculated percentage amount,

allowing the amount on the existing state or local agreement will not result in the case being reported uncollectible,

**THEN . . .**

existing state or local agreement will be listed as the allowable delinquent state or local tax payment on the CIS. The payment to the IRS will be increased by the amount allowed for the monthly state or local payment one month after the date the state or local liability is scheduled to be fully paid.

the amount listed as the delinquent state or local tax payment on the CIS will be the calculated percentage amount. Advise the taxpayer that he/she can use the amount the IRS allows for Miscellaneous expenses under National Standards to pay the additional amount due for the delinquent state or local tax payment. The payment to the IRS will be increased by the amount allowed for the monthly state or local payment one month after the date the state or local liability is scheduled to be fully paid.

allow the existing state or local tax payment and increase the IRS payment one month after the date the state or local liability is scheduled to be fully paid.

The allowable amount can be based on the state and local tax owed divided by the total of all delinquent taxes, and then multiplying the resulting percentage by the available income (gross income less allowable expenses).

**Example:** If a taxpayer owes \$10,000 in federal taxes and \$5,000 in delinquent state or local taxes, the percentage of state and local taxes is 33% ( $\$5,000 \div \$15,000 = 33\%$ ). Then 33% can be applied to the taxpayer's net disposable income depending on when the state and local taxes were incurred.

## Conditional Expenses

Conditional expenses **may not** meet the necessary expense test of providing for a taxpayer and their family's health and welfare and/or the production of income, but may be allowable based on the circumstances of an individual case.

- *Charitable contributions* - Donations to tax exempt organizations, such as: civic organizations, religious organizations (tithing and educational).
- *Education* - Expenses for private elementary, secondary and public and private college education.
- *Housing* - Housing deemed not necessary includes vacation property, owned, rented, leased, or time-share. Other costs associated with housing are usually conditional; for example, pool service and gardening are optional and can be done by a taxpayer, as opposed to other kinds of home maintenance, such as roof repair or plumbing, which would qualify as necessary.
- *Life insurance* - Life insurance used as an investment is a conditional expense. If the policy has a cash value, ask the taxpayer to obtain it; if the taxpayer will not voluntarily obtain it, consider enforcement. Consider if the payoff of the policy is high compared to the lifestyle of the beneficiaries. Expensive premiums must be justified. Whole life/investment insurance is considered a conditional expense.
- *Retirement* - Voluntary payments.
- *Transportation* - Transportation not used for family health and welfare and or the production of income is not a necessary expense. Expenses for vehicles other than necessary vehicles are considered conditional expenses. Example: conditional transportation expenses are multiple and recreational vehicles.

## Conditional Expenses – 6 Year Rule

Expenses that the IRS deems to be other than Necessary Expenses may be allowed if the taxpayer can pay the entire liability (including tax, penalties, and interest assessed and that will accrue during the life of the agreement) within six years or before the CSED expires. These are considered Conditional Expenses. The six-year rule may be used when Necessary Expenses exceed the Local Standards or to make minimum payments on other expenses such as student loans or credit cards. Additionally, the IRS must consider the Conditional Expenses to be reasonable. See *IRM 5.15.1.2(4)*.

- **Conditional Expenses are not allowed for offers in compromises, in partial payment installment agreements, or in non-collectible situations.**

Taxpayers who cannot fully pay their entire tax liability (including tax, penalties, and interest assessed and that will accrue during the life of the agreement) within six years may be given up to one year to modify or eliminate what the IRS considers to be excessive necessary or not-allowable conditional expenses. This means the taxpayer has one year to sell assets and/or modify his or her standard of living, resulting in a lower payment to the IRS in the first year of an installment agreement than in the second and later years. See *IRM 5.19.1.6.6*.

Examples of expenses subject to this one-year rule include:

- a. Car payments (purchase or lease) for luxury cars or for cars that do not meet the necessary expense test of providing for health and welfare and/or the production of income. Although transportation is a necessary expense, excessive payments are not allowable.
- b. Tuition for private school or university education. These expenses are often paid once a year. A taxpayer may be told by the IRS that, unless it is determined to be a necessary expense, tuition will not be allowed beginning with the following school year.
- c. Expenses for housing that are more “than is warranted by [the taxpayer's] income level” or more “than is necessary for similar housing.” Taxpayers in this situation need time to move. Furthermore, before determining that housing expenses are excessive, make sure the Revenue Officer has given consideration for the total cost of moving, including lease cancellation penalties and the costs of selling a

house. The tax consequences (e.g., loss of interest and property tax deductions) should also be pointed out and considered.

Taxpayers who cannot fully pay their taxes within the remaining collection limitations period may be granted a partial payment installment agreement. Conditional expenses are not normally allowed with these types of agreements. See IRM 5.14.2.1.1(4).

- It should be noted, that if at the end the first year, the taxpayer has not modified or eliminated any excessive necessary or not allowable conditional expense, the Revenue Officer can choose to grant additional time in unusual circumstances. Any variance from the IRS standards must be approved by a supervisor, and most IRS employees will not vary from the IRS standard without aggressive “encouragement” by a taxpayer’s representative.

## **Applications of Standards**

Allowable Expense Standards are applied in three different manners depending on whether the taxpayer can pay in less than six years, more than six years or proposes an Offer in Compromise.

- If the taxpayer can pay in less than six years - he or she is allowed national standards, regional standards, local standards, expenses necessary for production of income or health and welfare of the taxpayer and conditional expenses.
- If the taxpayer needs more than six years to pay - he or she is only allowed one year of conditional expenses.
- If the taxpayer proposes an Offer in Compromise - the Service will not allow conditional expenses.

## **Shared Expenses**

As a rule, taxpayers are only allowed the expenses they are required to pay. When a taxpayer lives with a nonliable person (spouse or roommate), the IRM states that it may be necessary to review other household income and expenses shared with the nonliable person to determine the taxpayer's allowable portion of the shared household income and expenses. Although the assets and income of the nonliable person may be reviewed to determine the taxpayer's portion of the shared household income and

expenses, they generally are not included when calculating the amount the taxpayer can pay. See IRM 5.15.1.4.

Special considerations are as follows:

- If the taxpayer is married and lives in a community property state, state law determines the income and assets of the nonliable spouse that may be subject to collection.
  - There are nine community property states: Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, and Wisconsin. While not a community property state, Alaska does allow couples to opt into a community property arrangement; property is separate property unless both parties agree to make it community property through a community property agreement or a community property trust. The territory of Puerto Rico also allows property to be owned as community property, as do several Native American jurisdictions. In the case of Puerto Rico, the island had been under community property law since its inception to the Spanish Crown upon its invasion by Spain in 1493.
- Shared expense calculations between spouses are used when the parties live in a separate property state or state law permits the parties to separate their incomes and the nonliable spouse does not agree to use their income to pay the liable spouse's tax debt. See IRM 5.15.1.4(2).
- When income is not commingled (as in the case of roommates who share housing) and responsibility for household expenses is divided equitably between the co-habitants, it is not necessary to obtain income or expense information from the nonliable person(s). The total allowable expense should not exceed the total allowable housing standard for the taxpayer.

## **Appendix A - Form 433-A**

Form **433-A**

(Rev. December 2012)

Department of the Treasury  
Internal Revenue Service**Collection Information Statement for Wage  
Earners and Self-Employed Individuals****Wage Earners** Complete Sections 1, 2, 3, 4, and 5 including the signature line on page 4. *Answer all questions or write N/A if the question is not applicable.***Self-Employed Individuals** Complete Sections 1, 3, 4, 5, 6 and 7 and the signature line on page 4. *Answer all questions or write N/A if the question is not applicable.***For Additional Information**, refer to Publication 1854, "How To Prepare a Collection Information Statement."**Include attachments if additional space is needed to respond completely to any question.**

Name on Internal Revenue Service (IRS) Account	Social Security Number SSN on IRS Account	Employer Identification Number EIN
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**Section 1: Personal Information**

<b>1a</b> Full Name of Taxpayer and Spouse (if applicable)		<b>1c</b> Home Phone	<b>1d</b> Cell Phone
<b>1b</b> Address (Street, City, State, ZIP code) (County of Residence)		<b>1e</b> Business Phone	<b>1f</b> Business Cell Phone
		<b>2b</b> Name, Age, and Relationship of dependent(s)	
<b>2a</b> Marital Status: <input type="checkbox"/> Married <input type="checkbox"/> Unmarried (Single, Divorced, Widowed)			
Social Security No. (SSN)		Date of Birth (mmddyyyy)	
		Driver's License Number and State	
<b>3a</b> Taxpayer			
<b>3b</b> Spouse			

**Section 2: Employment Information for Wage Earners***If you or your spouse have self-employment income instead of, or in addition to wage income, complete Business Information in Sections 6 and 7.*

Taxpayer		Spouse	
<b>4a</b> Taxpayer's Employer Name		<b>5a</b> Spouse's Employer Name	
<b>4b</b> Address (Street, City, State, and ZIP code)		<b>5b</b> Address (Street, City, State, and ZIP code)	
<b>4c</b> Work Telephone Number	<b>4d</b> Does employer allow contact at work <input type="checkbox"/> Yes <input type="checkbox"/> No	<b>5c</b> Work Telephone Number	<b>5d</b> Does employer allow contact at work <input type="checkbox"/> Yes <input type="checkbox"/> No
<b>4e</b> How long with this employer (years) (months)	<b>4f</b> Occupation	<b>5e</b> How long with this employer (years) (months)	<b>5f</b> Occupation
<b>4g</b> Number of withholding allowances claimed on Form W-4	<b>4h</b> Pay Period: <input type="checkbox"/> Weekly <input type="checkbox"/> Bi-weekly <input type="checkbox"/> Monthly <input type="checkbox"/> Other	<b>5g</b> Number of withholding allowances claimed on Form W-4	<b>5h</b> Pay Period: <input type="checkbox"/> Weekly <input type="checkbox"/> Bi-weekly <input type="checkbox"/> Monthly <input type="checkbox"/> Other

**Section 3: Other Financial Information (Attach copies of applicable documentation)**

<b>6</b> Are you a party to a lawsuit (If yes, answer the following) <input type="checkbox"/> Yes <input type="checkbox"/> No			
<input type="checkbox"/> Plaintiff <input type="checkbox"/> Defendant	Location of Filing	Represented by	Docket/Case No.
Amount of Suit \$	Possible Completion Date (mmddyyyy)	Subject of Suit	
<b>7</b> Have you ever filed bankruptcy (If yes, answer the following) <input type="checkbox"/> Yes <input type="checkbox"/> No			
Date Filed (mmddyyyy)	Date Dismissed (mmddyyyy)	Date Discharged (mmddyyyy)	Petition No.
			Location Filed
<b>8</b> In the past 10 years, have you lived outside of the U.S for 6 months or longer (If yes, answer the following) <input type="checkbox"/> Yes <input type="checkbox"/> No			
Dates lived abroad: from (mmddyyyy)		To (mmddyyyy)	
<b>9a</b> Are you the beneficiary of a trust, estate, or life insurance policy (If yes, answer the following) <input type="checkbox"/> Yes <input type="checkbox"/> No			
Place where recorded:		EIN:	
Name of the trust, estate, or policy		Anticipated amount to be received \$	When will the amount be received
<b>9b</b> Are you a trustee, fiduciary, or contributor of a trust <input type="checkbox"/> Yes <input type="checkbox"/> No			
Name of the trust:		EIN:	
<b>10</b> Do you have a safe deposit box (business or personal) (If yes, answer the following) <input type="checkbox"/> Yes <input type="checkbox"/> No			
Location (Name, address and box number(s))		Contents	Value \$
<b>11</b> In the past 10 years, have you transferred any assets for less than their full value (If yes, answer the following) <input type="checkbox"/> Yes <input type="checkbox"/> No			
List Asset(s)	Value at Time of Transfer \$	Date Transferred (mmddyyyy)	To Whom or Where was it Transferred

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**Section 4: Personal Asset Information for All Individuals****12 CASH ON HAND** Include cash that is not in a bank.**Total Cash on Hand**

\$

**PERSONAL BANK ACCOUNTS** Include all checking, online and mobile (e.g., PayPal) accounts, money market accounts, savings accounts, and stored value cards (e.g., payroll cards, government benefit cards, etc.).

Type of Account	Full Name & Address (Street, City, State, ZIP code) of Bank, Savings & Loan, Credit Union, or Financial Institution	Account Number	Account Balance As of _____ mmddyyyy
<b>13a</b>			\$
<b>13b</b>			\$
<b>13c</b>			\$
<b>13d Total Cash</b> (Add lines 13a through 13c, and amounts from any attachments)			\$ 0

**INVESTMENTS** Include stocks, bonds, mutual funds, stock options, certificates of deposit, and retirement assets such as IRAs, Keogh, and 401(k) plans. Include all corporations, partnerships, limited liability companies, or other business entities in which you are an officer, director, owner, member, or otherwise have a financial interest.

Type of Investment or Financial Interest	Full Name & Address (Street, City, State, ZIP code) of Company	Current Value	Loan Balance (if applicable) As of _____ mmddyyyy	Equity Value Minus Loan
<b>14a</b>				
	Phone	\$	\$	\$ 0
<b>14b</b>				
	Phone	\$	\$	\$ 0
<b>14c</b>				
	Phone	\$	\$	\$ 0
<b>14d Total Equity</b> (Add lines 14a through 14c, and amounts from any attachments)				\$ 0

**AVAILABLE CREDIT** Include all lines of credit and bank issued credit cards.  
Full Name & Address (Street, City, State, ZIP code) of Credit Institution

Credit Limit

Amount Owed  
As of \_\_\_\_\_  
mmddyyyy**Available Credit**  
As of \_\_\_\_\_  
mmddyyyy

<b>15a</b>				
	Acct. No	\$	\$	\$ 0
<b>15b</b>				
	Acct. No	\$	\$	\$ 0
<b>15c Total Available Credit</b> (Add lines 15a, 15b and amounts from any attachments)				\$ 0

**16a LIFE INSURANCE** Do you own or have any interest in any life insurance policies with cash value (Term Life insurance does not have a cash value)  
☐ Yes ☐ No If Yes complete blocks 16b through 16f for each policy.

<b>16b</b>	Name and Address of Insurance Company(ies):			
<b>16c</b>	Policy Number(s)			
<b>16d</b>	Owner of Policy			
<b>16e</b>	Current Cash Value	\$	\$	\$
<b>16f</b>	Outstanding Loan Balance	\$	\$	\$

**16g Total Available Cash.** (Subtract amounts on line 16f from line 16e and include amounts from any attachments)

\$ 0

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**REAL PROPERTY** Include all real property owned or being purchased

	Purchase Date (mmddyyyy)	Current Fair Market Value (FMV)	Current Loan Balance	Amount of Monthly Payment	Date of Final Payment (mmddyyyy)	Equity FMV Minus Loan
<b>17a</b> Property Description		\$	\$	\$		\$ 0
Location (Street, City, State, ZIP code) and County		Lender/Contract Holder Name, Address, (Street, City, State, ZIP code), and Phone				
		Phone				
<b>17b</b> Property Description		\$	\$	\$		\$ 0
Location (Street, City, State, ZIP code) and County		Lender/Contract Holder Name, Address, (Street, City, State, ZIP code), and Phone				
		Phone				
<b>17c Total Equity</b> (Add lines 17a, 17b and amounts from any attachments)						\$ 0

**PERSONAL VEHICLES LEASED AND PURCHASED** Include boats, RVs, motorcycles, all-terrain and off-road vehicles, trailers, etc.

Description (Year, Mileage, Make/Model, Tag Number, Vehicle Identification Number)		Purchase/Lease Date (mmddyyyy)	Current Fair Market Value (FMV)	Current Loan Balance	Amount of Monthly Payment	Date of Final Payment (mmddyyyy)	Equity FMV Minus Loan
<b>18a</b> Year	Make/Model		\$	\$	\$		\$ 0
Mileage	License/Tag Number	Lender/Lessor Name, Address, (Street, City, State, ZIP code) and Phone					
Vehicle Identification Number		Phone					
<b>18b</b> Year	Make/Model		\$	\$	\$		\$ 0
Mileage	License/Tag Number	Lender/Lessor Name, Address, (Street, City, State, ZIP code) and Phone					
Vehicle Identification Number		Phone					
<b>18c Total Equity</b> (Add lines 18a, 18b and amounts from any attachments)							\$ 0

**PERSONAL ASSETS** Include all furniture, personal effects, artwork, jewelry, collections (coins, guns, etc.), antiques or other assets. Include intangible assets such as licenses, domain names, patents, copyrights, mining claims, etc.

	Purchase/Lease Date (mmddyyyy)	Current Fair Market Value (FMV)	Current Loan Balance	Amount of Monthly Payment	Date of Final Payment (mmddyyyy)	Equity FMV Minus Loan
<b>19a</b> Property Description		\$	\$	\$		\$ 0
Location (Street, City, State, ZIP code) and County		Lender/Lessor Name, Address, (Street, City, State, ZIP code) and Phone				
		Phone				
<b>19b</b> Property Description		\$	\$	\$		\$ 0
Location (Street, City, State, ZIP code) and County		Lender/Lessor Name, Address, (Street, City, State, ZIP code) and Phone				
		Phone				
<b>19c Total Equity</b> (Add lines 19a, 19b and amounts from any attachments)						\$ 0

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If you are self-employed, sections 6 and 7 must be completed before continuing.

### Section 5: Monthly Income and Expenses

Monthly Income/Expense Statement (For additional information, refer to Publication 1854.)

Total Income		Total Living Expenses		IRS USE ONLY
Source	Gross Monthly	Expense Items <sup>6</sup>	Actual Monthly	Allowable Expenses
20 Wages (Taxpayer) <sup>1</sup>	\$	35 Food, Clothing, and Misc. <sup>7</sup>	\$	
21 Wages (Spouse) <sup>1</sup>	\$	36 Housing and Utilities <sup>8</sup>	\$	
22 Interest - Dividends	\$	37 Vehicle Ownership Costs <sup>9</sup>	\$	
23 Net Business Income <sup>2</sup>	\$	38 Vehicle Operating Costs <sup>10</sup>	\$	
24 Net Rental Income <sup>3</sup>	\$	39 Public Transportation <sup>11</sup>	\$	
25 Distributions (K-1, IRA, etc.) <sup>4</sup>	\$	40 Health Insurance	\$	
26 Pension (Taxpayer)	\$	41 Out of Pocket Health Care Costs <sup>12</sup>	\$	
27 Pension (Spouse)	\$	42 Court Ordered Payments	\$	
28 Social Security (Taxpayer)	\$	43 Child/Dependent Care	\$	
29 Social Security (Spouse)	\$	44 Life Insurance	\$	
30 Child Support	\$	45 Current year taxes (Income/FICA) <sup>13</sup>	\$	
31 Alimony	\$	46 Secured Debts (Attach list)	\$	
Other Income (Specify below) <sup>5</sup>		47 Delinquent State or Local Taxes	\$	
32	\$	48 Other Expenses (Attach list)	\$	
33	\$	49 Total Living Expenses (add lines 35-48)	\$	0
34 Total Income (add lines 20-33)	\$ 0	50 Net difference (Line 34 minus 49)	\$	0

**1 Wages, salaries, pensions, and social security:** Enter gross monthly wages and/or salaries. Do not deduct tax withholding or allotments taken out of pay, such as insurance payments, credit union deductions, car payments, etc. To calculate the gross monthly wages and/or salaries:

If paid weekly - multiply weekly gross wages by 4.3. Example: \$425.89 x 4.3 = \$1,831.33

If paid biweekly (every 2 weeks) - multiply biweekly gross wages by 2.17. Example: \$972.45 x 2.17 = \$2,110.22

If paid semimonthly (twice each month) - multiply semimonthly gross wages by 2. Example: \$856.23 x 2 = \$1,712.46

**2 Net Income from Business:** Enter monthly net business income. This is the amount earned after ordinary and necessary monthly business expenses are paid. **This figure is the amount from page 6, line 89.** If the net business income is a loss, enter "0". Do not enter a negative number. If this amount is more or less than previous years, attach an explanation.

**3 Net Rental Income:** Enter monthly net rental income. This is the amount earned after ordinary and necessary monthly rental expenses are paid. Do not include deductions for depreciation or depletion. If the net rental income is a loss, enter "0". Do not enter a negative number.

**4 Distributions:** Enter the total distributions from partnerships and subchapter S corporations reported on Schedule K-1, and from limited liability companies reported on Form 1040, Schedule C, D or E. Enter total distributions from IRAs if not included under pension income.

**5 Other Income:** Include agricultural subsidies, unemployment compensation, gambling income, oil credits, rent subsidies, etc.

**6 Expenses not generally allowed:** We generally do not allow tuition for private schools, public or private college expenses, charitable contributions, voluntary retirement contributions or payments on unsecured debts. However, we may allow the expenses if proven that they are necessary for the health and welfare of the individual or family or the production of income. See Publication 1854 for exceptions.

**7 Food, Clothing and Miscellaneous:** Total of food, clothing, housekeeping supplies, and personal care products for one month. The miscellaneous allowance is for expenses incurred that are not included in any other allowable living expense items. Examples are credit card payments, bank fees and charges, reading material, and school supplies.

**8 Housing and Utilities:** For principal residence: Total of rent or mortgage payment. Add the average monthly expenses for the following: property taxes, homeowner's or renter's insurance, maintenance, dues, fees, and utilities. Utilities include gas, electricity, water, fuel, oil, other fuels, trash collection, telephone, cell phone, cable television and internet services.

**9 Vehicle Ownership Costs:** Total of monthly lease or purchase/loan payments.

**10 Vehicle Operating Costs:** Total of maintenance, repairs, insurance, fuel, registrations, licenses, inspections, parking, and tolls for one month.

**11 Public Transportation:** Total of monthly fares for mass transit (e.g., bus, train, ferry, taxi, etc.)

**12 Out of Pocket Health Care Costs:** Monthly total of medical services, prescription drugs and medical supplies (e.g., eyeglasses, hearing aids, etc.)

**13 Current Year Taxes:** Include state and Federal taxes withheld from salary or wages, or paid as estimated taxes.

**Certification:** Under penalties of perjury, I declare that to the best of my knowledge and belief this statement of assets, liabilities, and other information is true, correct, and complete.

Taxpayer's Signature	Spouse's Signature	Date
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After we review the completed Form 433-A, you may be asked to provide verification for the assets, encumbrances, income and expenses reported. Documentation may include previously filed income tax returns, pay statements, self-employment records, bank and investment statements, loan statements, bills or statements for recurring expenses, etc.

IRS USE ONLY (Notes)

**Sections 6 and 7 must be completed only if you are SELF-EMPLOYED.****Section 6: Business Information**

**51** Is the business a sole proprietorship (filing Schedule C) ☐ **Yes**, Continue with Sections 6 and 7. ☐ **No**, Complete Form 433-B.  
All other business entities, including limited liability companies, partnerships or corporations, must complete Form 433-B.

**52** Business Name & Address (if different than 1b)

<b>53</b> Employer Identification Number	<b>54</b> Type of Business	<b>55</b> Is the business a Federal Contractor <input type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>
<b>56</b> Business Website (web address)	<b>57</b> Total Number of Employees	<b>58</b> Average Gross Monthly Payroll
<b>59</b> Frequency of Tax Deposits	<b>60</b> Does the business engage in e-Commerce (Internet sales) If yes, complete lines 61a and 61b <input type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>	

<b>PAYMENT PROCESSOR</b> (e.g., PayPal, Authorize.net, Google Checkout, etc.) Name & Address (Street, City, State, ZIP code)	Payment Processor Account Number
<b>61a</b>	
<b>61b</b>	

**CREDIT CARDS ACCEPTED BY THE BUSINESS**

Credit Card	Merchant Account Number	Issuing Bank Name & Address (Street, City, State, ZIP code)
<b>62a</b>		
<b>62b</b>		
<b>62c</b>		

**63 BUSINESS CASH ON HAND** Include cash that is not in a bank. **Total Cash on Hand** \$

**BUSINESS BANK ACCOUNTS** Include checking accounts, online and mobile (e.g., PayPal) accounts, money market accounts, savings accounts, and stored value cards (e.g., payroll cards, government benefit cards, etc.). Report Personal Accounts in Section 4.

Type of Account	Full name & Address (Street, City, State, ZIP code) of Bank, Savings & Loan, Credit Union or Financial Institution.	Account Number	Account Balance As of <u>mmddyyyy</u>
<b>64a</b>			\$
<b>64b</b>			\$
<b>64c Total Cash in Banks</b> (Add lines 64a, 64b and amounts from any attachments)			\$ 0

**ACCOUNTS/NOTES RECEIVABLE** Include e-payment accounts receivable and factoring companies, and any bartering or online auction accounts. (List all contracts separately, including contracts awarded, but not started.) Include **Federal, state and local government grants and contracts.**

Accounts/Notes Receivable & Address (Street, City, State, ZIP code)	Status (e.g., age, factored, other)	Date Due (mmddyyyy)	Invoice Number or Government Grant or Contract Number	Amount Due
<b>65a</b>				\$
<b>65b</b>				\$
<b>65c</b>				\$
<b>65d</b>				\$
<b>65e</b>				\$
<b>65f Total Outstanding Balance</b> (Add lines 65a through 65e and amounts from any attachments)				\$ 0

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Form **433-A** (Rev. 12-2012)

**BUSINESS ASSETS** Include all tools, books, machinery, equipment, inventory or other assets used in trade or business. Include a list and show the value of all intangible assets such as licenses, patents, domain names, copyrights, trademarks, mining claims, etc.

	Purchase/ Lease Date (mmddyyyy)	Current Fair Market Value (FMV)	Current Loan Balance	Amount of Monthly Payment	Date of Final Payment (mmddyyyy)	Equity FMV Minus Loan
<b>66a</b> Property Description		\$	\$	\$		\$ 0
Location (Street, City, State, ZIP code) and Country			Lender/Lessor/Landlord Name, Address (Street, City, State, ZIP code) and Phone			
			Phone			
<b>66b</b> Property Description		\$	\$	\$		\$ 0
Location (Street, City, State, ZIP code) and Country			Lender/Lessor/Landlord Name, Address (Street, City, State, ZIP code) and Phone			
			Phone			
<b>66c Total Equity</b> (Add lines 66a, 66b and amounts from any attachments)						\$ 0

**Section 7 should be completed only if you are SELF-EMPLOYED**

**Section 7: Sole Proprietorship Information (lines 67 through 87 should reconcile with business Profit and Loss Statement)**

Accounting Method Used: ☐ Cash ☐ Accrual

Use the prior 3, 6, 9 or 12 month period to determine your typical business income and expenses.

Income and Expenses during the period (mmddyyyy) to (mmddyyyy)

Provide a breakdown below of your average monthly income and expenses, based on the period of time used above.

Total Monthly Business Income		Total Monthly Business Expenses (Use attachments as needed)	
Source	Gross Monthly	Expense Items	Actual Monthly
<b>67</b> Gross Receipts	\$	<b>77</b> Materials Purchased <sup>1</sup>	\$
<b>68</b> Gross Rental Income	\$	<b>78</b> Inventory Purchased <sup>2</sup>	\$
<b>69</b> Interest	\$	<b>79</b> Gross Wages & Salaries	\$
<b>70</b> Dividends	\$	<b>80</b> Rent	\$
<b>71</b> Cash Receipts not included in lines 67-70	\$	<b>81</b> Supplies <sup>3</sup>	\$
Other Income (Specify below)		<b>82</b> Utilities/Telephone <sup>4</sup>	\$
<b>72</b>	\$	<b>83</b> Vehicle Gasoline/Oil	\$
<b>73</b>	\$	<b>84</b> Repairs & Maintenance	\$
<b>74</b>	\$	<b>85</b> Insurance	\$
<b>75</b>	\$	<b>86</b> Current Taxes <sup>5</sup>	\$
<b>76 Total Income</b> (Add lines 67 through 75)	\$ 0	<b>87</b> Other Expenses, including installment payments (Specify)	\$
		<b>88 Total Expenses</b> (Add lines 77 through 87)	\$ 0
		<b>89 Net Business Income</b> (Line 76 minus 88) <sup>6</sup>	\$ 0

Enter the monthly net income amount from line 89 on line 23, section 5. If line 89 is a loss, enter "0" on line 23, section 5.

Self-employed taxpayers must return to page 4 to sign the certification.

**1 Materials Purchased:** Materials are items directly related to the production of a product or service.

**2 Inventory Purchased:** Goods bought for resale.

**3 Supplies:** Supplies are items used in the business that are consumed or used up within one year. This could be the cost of books, office supplies, professional equipment, etc.

**4 Utilities/Telephone:** Utilities include gas, electricity, water, oil, other fuels, trash collection, telephone, cell phone and business internet.

**5 Current Taxes:** Real estate, excise, franchise, occupational, personal property, sales and employer's portion of employment taxes.

**6 Net Business Income:** Net profit from Form 1040, Schedule C may be used if duplicated deductions are eliminated (e.g., expenses for business use of home already included in housing and utility expenses on page 4). Deductions for depreciation and depletion on Schedule C are not cash expenses and must be added back to the net income figure. In addition, interest cannot be deducted if it is already included in any other installment payments allowed.

IRS USE ONLY (Notes)

## **Appendix B – Form 433-B**

**Collection Information Statement for Businesses**

**Note:** Complete all entry spaces with the current data available or "N/A" (not applicable). Failure to complete all entry spaces may result in rejection of your request or significant delay in account resolution. Include attachments if additional space is needed to respond completely to any question.

**Section 1: Business Information**

<b>1a</b> Business Name _____	<b>2a</b> Employer Identification No. (EIN) _____
<b>1b</b> Business Street Address _____ Mailing Address _____ City _____ State _____ ZIP _____	<b>2b</b> Type of entity (Check appropriate box below) <input type="checkbox"/> Partnership <input type="checkbox"/> Corporation <input type="checkbox"/> Other _____ <input type="checkbox"/> Limited Liability Company (LLC) classified as a corporation <input type="checkbox"/> Other LLC - Include number of members _____
<b>1c</b> County _____	<b>2c</b> Date Incorporated/Established _____ mmddyyyy
<b>1d</b> Business Telephone _____	<b>3a</b> Number of Employees _____
<b>1e</b> Type of Business _____	<b>3b</b> Monthly Gross Payroll _____
<b>1f</b> Business Website (web address) _____	<b>3c</b> Frequency of Tax Deposits _____
	<b>3d</b> Is the business enrolled in Electronic Federal Tax Payment System (EFTPS) <input type="checkbox"/> Yes <input type="checkbox"/> No
<b>4</b> Does the business engage in e-Commerce (Internet sales) If yes, complete 5a and 5b. <input type="checkbox"/> Yes <input type="checkbox"/> No	

**PAYMENT PROCESSOR** (e.g., PayPal, Authorize.net, Google Checkout, etc.) Name and Address (Street, City, State, ZIP code)

Payment Processor Account Number

<b>5a</b> _____	
<b>5b</b> _____	

**CREDIT CARDS ACCEPTED BY THE BUSINESS**

Type of Credit Card (e.g., Visa, MasterCard, etc.)	Merchant Account Number	Issuing Bank Name and Address (Street, City, State, ZIP code)
<b>6a</b> _____		Phone _____
<b>6b</b> _____		Phone _____
<b>6c</b> _____		Phone _____

**Section 2: Business Personnel and Contacts****PARTNERS, OFFICERS, LLC MEMBERS, MAJOR SHAREHOLDERS, ETC.**

<b>7a</b> Full Name _____ Title _____ Home Address _____ City _____ State _____ ZIP _____ Responsible for Depositing Payroll Taxes <input type="checkbox"/> Yes <input type="checkbox"/> No	Social Security Number _____ Home Telephone _____ Work/Cell Phone _____ Ownership Percentage & Shares or Interest _____ Annual Salary/Draw _____
<b>7b</b> Full Name _____ Title _____ Home Address _____ City _____ State _____ ZIP _____ Responsible for Depositing Payroll Taxes <input type="checkbox"/> Yes <input type="checkbox"/> No	Social Security Number _____ Home Telephone _____ Work/Cell Phone _____ Ownership Percentage & Shares or Interest _____ Annual Salary/Draw _____
<b>7c</b> Full Name _____ Title _____ Home Address _____ City _____ State _____ ZIP _____ Responsible for Depositing Payroll Taxes <input type="checkbox"/> Yes <input type="checkbox"/> No	Social Security Number _____ Home Telephone _____ Work/Cell Phone _____ Ownership Percentage & Shares or Interest _____ Annual Salary/Draw _____
<b>7d</b> Full Name _____ Title _____ Home Address _____ City _____ State _____ ZIP _____ Responsible for Depositing Payroll Taxes <input type="checkbox"/> Yes <input type="checkbox"/> No	Social Security Number _____ Home Telephone _____ Work/Cell Phone _____ Ownership Percentage & Shares or Interest _____ Annual Salary/Draw _____

**Section 3: Other Financial Information (Attach copies of all applicable documents)**

<b>8 Does the business use a Payroll Service Provider or Reporting Agent (If yes, answer the following)</b> <span style="float: right;"><input type="checkbox"/> Yes <input type="checkbox"/> No</span>				
Name and Address (Street, City, State, ZIP code)				Effective dates (mmddyyyy)
<b>9 Is the business a party to a lawsuit (If yes, answer the following)</b> <span style="float: right;"><input type="checkbox"/> Yes <input type="checkbox"/> No</span>				
<input type="checkbox"/> Plaintiff <input type="checkbox"/> Defendant	Location of Filing	Represented by	Docket/Case No.	
Amount of Suit \$	Possible Completion Date (mmddyyyy)	Subject of Suit		
<b>10 Has the business ever filed bankruptcy (If yes, answer the following)</b> <span style="float: right;"><input type="checkbox"/> Yes <input type="checkbox"/> No</span>				
Date Filed (mmddyyyy)	Date Dismissed (mmddyyyy)	Date Discharged (mmddyyyy)	Petition No.	District of Filing
<b>11 Do any related parties (e.g., officers, partners, employees) have outstanding amounts owed to the business (If yes, answer the following)</b> <span style="float: right;"><input type="checkbox"/> Yes <input type="checkbox"/> No</span>				
Name and Address (Street, City, State, ZIP code)	Date of Loan	Current Balance As of mmddyyyy	Payment Date	Payment Amount
		\$		\$
<b>12 Have any assets been transferred, in the last 10 years, from this business for less than full value (If yes, answer the following)</b> <span style="float: right;"><input type="checkbox"/> Yes <input type="checkbox"/> No</span>				
List Asset	Value at Time of Transfer \$	Date Transferred (mmddyyyy)	To Whom or Where Transferred	
<b>13 Does this business have other business affiliations (e.g., subsidiary or parent companies) (If yes, answer the following)</b> <span style="float: right;"><input type="checkbox"/> Yes <input type="checkbox"/> No</span>				
Related Business Name and Address (Street, City, State, ZIP code)			Related Business EIN:	
<b>14 Any increase/decrease in income anticipated (If yes, answer the following)</b> <span style="float: right;"><input type="checkbox"/> Yes <input type="checkbox"/> No</span>				
Explain (use attachment if needed)		How much will it increase/decrease \$	When will it increase/decrease	
<b>15 Is the business a Federal Government Contractor (Include Federal Government contracts in #18, Accounts/Notes Receivable)</b> <span style="float: right;"><input type="checkbox"/> Yes <input type="checkbox"/> No</span>				

**Section 4: Business Asset and Liability Information**

<b>16a CASH ON HAND</b> Include cash that is not in the bank		<b>Total Cash on Hand</b> \$	
<b>16b Is there a safe on the business premises</b> <input type="checkbox"/> Yes <input type="checkbox"/> No		Contents	
<b>BUSINESS BANK ACCOUNTS</b> Include online and mobile accounts (e.g., PayPal), money market accounts, savings accounts, checking accounts and stored value cards (e.g., payroll cards, government benefit cards, etc.) List safe deposit boxes including location, box number and value of contents. Attach list of contents.			
Type of Account	Full Name and Address (Street, City, State, ZIP code) of Bank, Savings & Loan, Credit Union or Financial Institution	Account Number	Account Balance As of mmddyyyy
<b>17a</b>			\$
<b>17b</b>			\$
<b>17c</b>			\$
<b>17d Total Cash in Banks</b> (Add lines 17a through 17c and amounts from any attachments)			\$ 0

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**ACCOUNTS/NOTES RECEIVABLE** Include e-payment accounts receivable and factoring companies, and any bartering or online auction accounts.  
(List all contracts separately including contracts awarded, but not started). **Include Federal, state and local government grants and contracts.**

Name & Address (Street, City, State, ZIP code)	Status (e.g., age, factored, other)	Date Due (mmddyyyy)	Invoice Number or Government Grant or Contract Number	Amount Due
<b>18a</b>				
Contact Name				
Phone				\$
<b>18b</b>				
Contact Name				
Phone				\$
<b>18c</b>				
Contact Name				
Phone				\$
<b>18d</b>				
Contact Name				
Phone				\$
<b>18e</b>				
Contact Name				
Phone				\$
<b>18f Outstanding Balance</b> (Add lines 18a through 18e and amounts from any attachments)				\$ 0

**INVESTMENTS** List all investment assets below. Include stocks, bonds, mutual funds, stock options, certificates of deposit and commodities (e.g., gold, silver, copper, etc.).

Name of Company & Address (Street, City, State, ZIP code)	Used as collateral on loan	Current Value	Loan Balance	Equity Value Minus Loan
<b>19a</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No			
Phone		\$	\$	\$ 0
<b>19b</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No			
Phone		\$	\$	\$ 0
<b>19c Total Investments</b> (Add lines 19a, 19b, and amounts from any attachments)				\$ 0

**AVAILABLE CREDIT** Include all lines of credit and credit cards.

Full Name & Address (Street, City, State, ZIP code)	Credit Limit	Amount Owed As of mmddyyyy	Available Credit As of mmddyyyy
<b>20a</b>			
Account No.	\$	\$	\$ 0
<b>20b</b>			
Account No.	\$	\$	\$ 0
<b>20c Total Credit Available</b> (Add lines 20a, 20b, and amounts from any attachments)			\$ 0

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**REAL PROPERTY** Include all real property and land contracts the business owns/leases/rents.

	Purchase/ Lease Date (mmddyyyy)	Current Fair Market Value (FMV)	Current Loan Balance	Amount of Monthly Payment	Date of Final Payment (mmddyyyy)	Equity FMV Minus Loan
<b>21a</b> Property Description		\$	\$	\$		\$ 0
Location (Street, City, State, ZIP code) and County		Lender/Lessor/Landlord Name, Address, (Street, City, State, ZIP code) and Phone				
		Phone				
<b>21b</b> Property Description		\$	\$	\$		\$ 0
Location (Street, City, State, ZIP code) and County		Lender/Lessor/Landlord Name, Address, (Street, City, State, ZIP code) and Phone				
		Phone				
<b>21c</b> Property Description		\$	\$	\$		\$ 0
Location (Street, City, State, ZIP code) and County		Lender/Lessor/Landlord Name, Address, (Street, City, State, ZIP code) and Phone				
		Phone				
<b>21d</b> Property Description		\$	\$	\$		\$ 0
Location (Street, City, State, ZIP code) and County		Lender/Lessor/Landlord Name, Address, (Street, City, State, ZIP code) and Phone				
		Phone				
<b>21e Total Equity</b> (Add lines 21a through 21d and amounts from any attachments)						\$ 0

**VEHICLES, LEASED AND PURCHASED** Include boats, RVs, motorcycles, all-terrain and off-road vehicles, trailers, mobile homes, etc.

	Purchase/ Lease Date (mmddyyyy)	Current Fair Market Value (FMV)	Current Loan Balance	Amount of Monthly Payment	Date of Final Payment (mmddyyyy)	Equity FMV Minus Loan
<b>22a</b> Year	Make/Model	\$	\$	\$		\$ 0
Mileage	License/Tag Number	Lender/Lessor Name, Address, (Street, City, State, ZIP code) and Phone				
Vehicle Identification Number (VIN)		Phone				
<b>22b</b> Year	Make/Model	\$	\$	\$		\$ 0
Mileage	License/Tag Number	Lender/Lessor Name, Address, (Street, City, State, ZIP code) and Phone				
Vehicle Identification Number (VIN)		Phone				
<b>22c</b> Year	Make/Model	\$	\$	\$		\$ 0
Mileage	License/Tag Number	Lender/Lessor Name, Address, (Street, City, State, ZIP code) and Phone				
Vehicle Identification Number (VIN)		Phone				
<b>22d</b> Year	Make/Model	\$	\$	\$		\$ 0
Mileage	License/Tag Number	Lender/Lessor Name, Address, (Street, City, State, ZIP code) and Phone				
Vehicle Identification Number (VIN)		Phone				
<b>22e Total Equity</b> (Add lines 22a through 22d and amounts from any attachments)						\$ 0

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**BUSINESS EQUIPMENT AND INTANGIBLE ASSETS** Include all machinery, equipment, merchandise inventory, and other assets in 23a through 23d. List intangible assets in 23e through 23g (*licenses, patents, logos, domain names, trademarks, copyrights, software, mining claims, goodwill and trade secrets.*)

	Purchase/ Lease Date (mmddyyyy)	Current Fair Market Value (FMV)	Current Loan Balance	Amount of Monthly Payment	Date of Final Payment (mmddyyyy)	Equity FMV Minus Loan
<b>23a</b> Asset Description		\$	\$	\$		\$ 0
Location of asset (Street, City, State, ZIP code) and County			Lender/Lessor Name, Address, (Street, City, State, ZIP code) and Phone			
			Phone			
<b>23b</b> Asset Description		\$	\$	\$		\$ 0
Location of asset (Street, City, State, ZIP code) and County			Lender/Lessor Name, Address, (Street, City, State, ZIP code) and Phone			
			Phone			
<b>23c</b> Asset Description		\$	\$	\$		\$ 0
Location of asset (Street, City, State, ZIP code) and County			Lender/Lessor Name, Address, (Street, City, State, ZIP code) and Phone			
			Phone			
<b>23d</b> Asset Description		\$	\$	\$		\$ 0
Location of asset (Street, City, State, ZIP code) and County			Lender/Lessor Name, Address, (Street, City, State, ZIP code) and Phone			
			Phone			
<b>23e</b> Intangible Asset Description						\$
<b>23f</b> Intangible Asset Description						\$
<b>23g</b> Intangible Asset Description						\$
<b>23h Total Equity</b> (Add lines 23a through 23g and amounts from any attachments)						\$ 0
<b>BUSINESS LIABILITIES</b> Include notes and judgements not listed previously on this form.						
Business Liabilities	Secured/ Unsecured	Date Pledged (mmddyyyy)	Balance Owed	Date of Final Payment (mmddyyyy)	Payment Amount	
<b>24a</b> Description:	<input type="checkbox"/> Secured <input type="checkbox"/> Unsecured		\$		\$	
Name _____						
Street Address _____						
City/State/ZIP code _____ Phone _____						
<b>24b</b> Description:	<input type="checkbox"/> Secured <input type="checkbox"/> Unsecured		\$		\$	
Name _____						
Street Address _____						
City/State/ZIP code _____ Phone _____						
<b>24c Total Payments</b> (Add lines 24a and 24b and amounts from any attachments)						\$ 0

**Section 5: Monthly Income/Expense Statement for Business****Accounting Method Used:** ☐ Cash ☐ Accrual

Use the prior 3, 6, 9 or 12 month period to determine your typical business income and expenses.

**Income and Expenses during the period** (mmdyyyyy) to (mmdyyyyy)

Provide a breakdown below of your average monthly income and expenses, based on the period of time used above.

Total Monthly Business Income		Total Monthly Business Expenses	
Income Source	Gross Monthly	Expense Items	Actual Monthly
25 Gross Receipts from Sales/Services	\$	36 Materials Purchased <sup>1</sup>	\$
26 Gross Rental Income	\$	37 Inventory Purchased <sup>2</sup>	\$
27 Interest Income	\$	38 Gross Wages & Salaries	\$
28 Dividends	\$	39 Rent	\$
29 Cash Receipts (Not included in lines 25-28)	\$	40 Supplies <sup>3</sup>	\$
Other Income (Specify below)		41 Utilities/Telephone <sup>4</sup>	\$
30	\$	42 Vehicle Gasoline/Oil	\$
31	\$	43 Repairs & Maintenance	\$
32	\$	44 Insurance	\$
33	\$	45 Current Taxes <sup>5</sup>	\$
34	\$	46 Other Expenses (Specify)	\$
35 Total Income (Add lines 25 through 34)	\$ 0	47 IRS Use Only-Allowable Installment Payments	\$
		48 Total Expenses (Add lines 36 through 47)	\$
		49 Net Income (Line 35 minus Line 48)	\$

<sup>1</sup> **Materials Purchased:** Materials are items directly related to the production of a product or service.<sup>2</sup> **Inventory Purchased:** Goods bought for resale.<sup>3</sup> **Supplies:** Supplies are items used to conduct business and are consumed or used up within one year. This could be the cost of books, office supplies, professional equipment, etc.<sup>4</sup> **Utilities/Telephone:** Utilities include gas, electricity, water, oil, other fuels, trash collection, telephone, cell phone and business internet.<sup>5</sup> **Current Taxes:** Real estate, state, and local income tax, excise, franchise, occupational, personal property, sales and the employer's portion of employment taxes.**Certification:** Under penalties of perjury, I declare that to the best of my knowledge and belief this statement of assets, liabilities, and other information is true, correct, and complete.

Signature	Title	Date
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Print Name of Officer, Partner or LLC Member

After we review the completed Form 433-B, you may be asked to provide verification for the assets, encumbrances, income and expenses reported. Documentation may include previously filed income tax returns, profit and loss statements, bank and investment statements, loan statements, financing statements, bills or statements for recurring expenses, etc.

IRS USE ONLY (Notes)

## **Appendix C – Form 433-F**

<b>Form 433-F</b> (January 2017)	Department of the Treasury - Internal Revenue Service <b>Collection Information Statement</b>					
Name(s) and Address	Your Social Security Number or Individual Taxpayer Identification Number					
	Your Spouse's Social Security Number or Individual Taxpayer Identification Number					
<input type="checkbox"/> If address provided above is different than last return filed, please check here  County of Residence	Your Telephone Numbers		Spouse's Telephone Numbers			
	Home: _____		Home: _____			
	Work: _____		Work: _____			
	Cell: _____		Cell: _____			
Enter the number of people in the household who can be claimed on this year's tax return including you and your spouse. Under 65 _____ 65 and Over _____						
If you or your spouse are self employed or have self employment income, provide the following information:						
Name of Business	Business EIN	Type of Business	Number of Employees (not counting owner)			
<b>A. ACCOUNTS / LINES OF CREDIT</b> Include checking, online, mobile (e.g., PayPal) and savings accounts, Certificates of Deposit, Trusts, Individual Retirement Accounts (IRAs), Keogh Plans, Simplified Employee Pensions, 401(k) Plans, Profit Sharing Plans, Mutual Funds, Stocks, Bonds and other investments. If applicable, include business accounts. <i>(Use additional sheets if necessary.)</i>						
Name and Address of Institution	Account Number	Type of Account	Current Balance/Value	Check if Business Account		
				<input type="checkbox"/>		
				<input type="checkbox"/>		
				<input type="checkbox"/>		
				<input type="checkbox"/>		
				<input type="checkbox"/>		
				<input type="checkbox"/>		
<b>B. REAL ESTATE</b> Include home, vacation property, timeshares, vacant land and other real estate. <i>(Use additional sheets if necessary.)</i>						
Description/Location/County	Monthly Payment(s)	Financing	Current Value	Balance Owed	Equity	
<input type="checkbox"/> Primary Residence <input type="checkbox"/> Other		Year Purchased	Purchase Price			
		Year Refinanced	Refinance Amount			
<input type="checkbox"/> Primary Residence <input type="checkbox"/> Other		Year Purchased	Purchase Price			
		Year Refinanced	Refinance Amount			
<b>C. OTHER ASSETS</b> Include cars, boats, recreational vehicles, whole life policies, etc. Include make, model and year of vehicles and name of Life Insurance company in Description. If applicable, include business assets such as tools, equipment, inventory, etc. <i>(Use additional sheets if necessary.)</i>						
Description	Monthly Payment	Year Purchased	Final Payment (mo / yr)	Current Value	Balance Owed	Equity
<b>D. CREDIT CARDS</b> <i>(Visa, MasterCard, American Express, Department Stores, etc.)</i>						
Type	Credit Limit	Balance Owed	Minimum Monthly Payment			

TURN PAGE TO CONTINUE

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Form **433-F** Rev. 1-2017)

**E. BUSINESS INFORMATION** Complete E1 for Accounts Receivable owed to you or your business. (Use additional sheets if necessary.) Complete E2 if you or your business accepts credit card payments.**E1. Accounts Receivable owed to you or your business**

Name	Address	Amount Owed
List total amount owed from additional sheets		
Total amount of accounts receivable available to pay to IRS now		0

**E2. Name of individual or business on account**

Credit Card (Visa, MasterCard, etc.)	Issuing Bank Name and Address	Merchant Account Number

**F. EMPLOYMENT INFORMATION** If you have more than one employer, include the information on another sheet of paper. (If attaching a copy of current pay stub, you do not need to complete this section.)

Your current Employer (name and address)     How often are you paid? (Check one) <input type="checkbox"/> Weekly <input type="checkbox"/> Biweekly <input type="checkbox"/> Semi-monthly <input type="checkbox"/> Monthly Gross per pay period _____ Taxes per pay period (Fed) _____ (State) _____ (Local) _____ How long at current employer _____	Spouse's current Employer (name and address)     How often are you paid? (Check one) <input type="checkbox"/> Weekly <input type="checkbox"/> Biweekly <input type="checkbox"/> Semi-monthly <input type="checkbox"/> Monthly Gross per pay period _____ Taxes per pay period (Fed) _____ (State) _____ (Local) _____ How long at current employer _____
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**G. NON-WAGE HOUSEHOLD INCOME** List monthly amounts. For Self-Employment and Rental Income, list the monthly amount received after expenses or taxes and attach a copy of your current year profit and loss statement.

Alimony Income		Net Rental Income		Interest/Dividends Income	
Child Support Income		Unemployment Income		Social Security Income	
Net Self Employment Income		Pension Income		Other:	

**H. MONTHLY NECESSARY LIVING EXPENSES** List monthly amounts. (For expenses paid other than monthly, see instructions.)

<b>1. Food / Personal Care</b> See instructions. If you do not spend more than the standard allowable amount for your family size, fill in the Total amount only. <table border="1"> <thead> <tr> <th></th><th>Actual Monthly Expenses</th><th>IRS Allowed</th></tr> </thead> <tbody> <tr><td>Food</td><td> </td><td> </td></tr> <tr><td>Housekeeping Supplies</td><td> </td><td> </td></tr> <tr><td>Clothing and Clothing Services</td><td> </td><td> </td></tr> <tr><td>Personal Care Products &amp; Services</td><td> </td><td> </td></tr> <tr><td>Miscellaneous</td><td> </td><td> </td></tr> <tr><td><b>Total</b></td><td>0</td><td> </td></tr> </tbody> </table>		Actual Monthly Expenses	IRS Allowed	Food			Housekeeping Supplies			Clothing and Clothing Services			Personal Care Products & Services			Miscellaneous			<b>Total</b>	0		<b>4. Medical</b> <table border="1"> <thead> <tr> <th></th><th>Actual Monthly Expenses</th><th>IRS Allowed</th></tr> </thead> <tbody> <tr><td>Health Insurance</td><td> </td><td> </td></tr> <tr><td>Out of Pocket Health Care Expenses</td><td> </td><td> </td></tr> <tr><td><b>Total</b></td><td>0</td><td> </td></tr> </tbody> </table>		Actual Monthly Expenses	IRS Allowed	Health Insurance			Out of Pocket Health Care Expenses			<b>Total</b>	0																												
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Under penalty of perjury, I declare to the best of my knowledge and belief this statement of assets, liabilities and other information is true, correct and complete.

Your Signature	Spouse's Signature	Date
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## **Appendix D – Form 433-A (OIC)**

Form <b>433-A (OIC)</b> (March 2018)	Department of the Treasury - Internal Revenue Service <b>Collection Information Statement for Wage Earners and Self-Employed Individuals</b>
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**Use this form if you are**

- ▶ An individual who owes income tax on a Form 1040, U.S. Individual Income Tax Return
- ▶ An individual with a personal liability for Excise Tax
- ▶ An individual responsible for a Trust Fund Recovery Penalty
- ▶ An individual who is self-employed or has self-employment income. You are considered to be self-employed if you are in business for yourself, or carry on a trade or business.

- ▶ An individual who is personally responsible for a partnership liability (only if the partnership is submitting an offer)
- ▶ An individual who operated as a disregarded single member Limited Liability Company (LLC) taxed as a sole proprietor prior to 2009
- ▶ An individual who is submitting an offer on behalf of a deceased person

**Note:** Include attachments if additional space is needed to respond completely to any question. This form should only be used with the Form 656, Offer in Compromise.

**Section 1 Personal and Household Information**

Last Name	First Name	Date of Birth (mm/dd/yyyy)	Social Security Number
Marital status <input type="checkbox"/> Unmarried <input type="checkbox"/> Married	Home Physical Address (Street, City, State, ZIP Code)	Do you: <input type="checkbox"/> Own your home <input type="checkbox"/> Rent <input type="checkbox"/> Other (specify e.g., share rent, live with relative, etc.)	
County of Residence	Primary Phone	Home Mailing Address (if different from above or Post Office Box number)	
Secondary Phone	Fax Number		

**Provide information about your spouse.**

Spouse's Last Name	Spouse's First Name	Date of Birth (mm/dd/yyyy)	Social Security Number
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**Provide information for all other persons in the household or claimed as a dependent.**

Name	Age	Relationship	Claimed as a dependent on your Form 1040?	Contributes to household income?
			<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
			<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
			<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
			<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No

**Section 2 Employment Information for Wage Earners**

Complete this section if you or your spouse are wage earners and receive a Form W-2. If you or your spouse have self-employment income (that is you file a Schedule C, E, F, etc.) instead of, or in addition to wage income, you must also complete Business Information in Sections 4, 5, and 6.

Your Employer's Name		Employer's Address (street, city, state, zip code)	
Do you have an ownership interest in this business? <input type="checkbox"/> Yes <input type="checkbox"/> No	If yes, check the business interest that applies: <input type="checkbox"/> Partner <input type="checkbox"/> Officer <input type="checkbox"/> Sole proprietor		
Your Occupation	How long with this employer (years)   (months)		
Spouse's Employer's Name		Employer's Address (street, city, state, zip code)	
Does your spouse have an ownership interest in this business? <input type="checkbox"/> Yes <input type="checkbox"/> No	If yes, check the business interest that applies: <input type="checkbox"/> Partner <input type="checkbox"/> Officer <input type="checkbox"/> Sole proprietor		
Spouse's Occupation	How long with this employer (years)   (months)		



**Section 3****Personal Asset Information**

Use the most current statement for each type of account, such as checking, savings, money market and online accounts, stored value cards (such as, a payroll card from an employer), investment and retirement accounts (IRAs, Keogh, 401(k) plans, stocks, bonds, mutual funds, certificates of deposit, and virtual currency such as Bitcoin, Ripple and Litecoin), life insurance policies that have a cash value, and safe deposit boxes. Asset value is subject to adjustment by IRS based on individual circumstances. Enter the total amount available for each of the following (if additional space is needed include attachments).

Round to the nearest dollar. Do not enter a negative number. If any line item is a negative number, enter "0".

**Cash and Investments (domestic and foreign)**

<input type="checkbox"/> Cash <input type="checkbox"/> Checking <input type="checkbox"/> Savings <input type="checkbox"/> Money Market Account/CD <input type="checkbox"/> Online Account <input type="checkbox"/> Stored Value Card <input type="checkbox"/> Virtual Currency	
Bank Name	Account Number
(1a) \$	
<input type="checkbox"/> Checking <input type="checkbox"/> Savings <input type="checkbox"/> Money Market Account/CD <input type="checkbox"/> Online Account <input type="checkbox"/> Stored Value Card	
Bank Name	Account Number
(1b) \$	
Total of bank accounts from attachment	
(1c) \$	
Add lines (1a) through (1c) minus (\$1,000) =	
(1) \$ 0	
Investment Account: <input type="checkbox"/> Stocks <input type="checkbox"/> Bonds <input type="checkbox"/> Other	
Name of Financial Institution	Account Number
Current Market Value	Minus Loan Balance
\$ X .8 = \$ 0	- \$ =
(2a) \$ 0	
Investment Account: <input type="checkbox"/> Stocks <input type="checkbox"/> Bonds <input type="checkbox"/> Other	
Name of Financial Institution	Account Number
Current Market Value	Minus Loan Balance
\$ X .8 = \$ 0	- \$ =
(2b) \$ 0	
Total of investment accounts from attachment. [current market value X .8 minus loan balance(s)]	
(2c) \$	
Add lines (2a) through (2c) =	
(2) \$ 0	
Retirement Account: <input type="checkbox"/> 401K <input type="checkbox"/> IRA <input type="checkbox"/> Other	
Name of Financial Institution	Account Number
Current Market Value	Minus Loan Balance
\$ X .8 = \$ 0	- \$ =
(3a) \$ 0	
Retirement Account: <input type="checkbox"/> 401K <input type="checkbox"/> IRA <input type="checkbox"/> Other	
Name of Financial Institution	Account Number
Current Market Value	Minus Loan Balance
\$ X .8 = \$ 0	- \$ =
(3b) \$ 0	
Total of retirement accounts from attachment. [current market value X .8 minus loan balance(s)]	
(3c) \$	
Add lines (3a) through (3c) =	
(3) \$ 0	
Note: Your reduction from current market value may be greater than 20% due to potential tax consequences/withdrawal penalties.	
Cash Value of Life Insurance Policies	
Name of Insurance Company	Policy Number
Current Cash Value	Minus Loan Balance
\$ - \$	=
(4a) \$ 0	
Total cash value of life insurance policies from attachment	Minus Loan Balance(s)
\$ - \$	=
(4b) \$ 0	
Add lines (4a) through (4b) =	
(4) \$ 0	

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**Section 3 (Continued)****Personal Asset Information****Real Estate (Enter information about any house, condo, co-op, time share, etc. that you own or are buying)**

Property Address (Street Address, City, State, ZIP Code)	Primary Residence <input type="checkbox"/> Yes <input type="checkbox"/> No	
	Date Purchased	
County and Country	Date of Final Payment	
How title is held (joint tenancy, etc.)	Description of Property	
Current Market Value	Minus Loan Balance (Mortgages, etc.)	
\$ _____ X .8 = \$ _____ 0 - \$ _____ (Total Value of Real Estate) =		(5a) \$ 0
Property Address (Street Address, City, State, ZIP Code)	Primary Residence <input type="checkbox"/> Yes <input type="checkbox"/> No	
	Date Purchased	
County and Country	Date of Final Payment	
How title is held (joint tenancy, etc.)	Description of Property	
Current Market Value	Minus Loan Balance (Mortgages, etc.)	
\$ _____ X .8 = \$ _____ 0 - \$ _____ (Total Value of Real Estate) =		(5b) \$ 0
Total value of property(s) from attachment [current market value X .8 minus any loan balance(s)]		(5c) \$
Add lines (5a) through (5c) =		(5) \$ 0

**Vehicles (Enter information about any cars, boats, motorcycles, etc. that you own or lease)**

Vehicle Make & Model	Year	Date Purchased	Mileage	
<input type="checkbox"/> Lease <input type="checkbox"/> Loan	Name of Creditor	Date of Final Payment	Monthly Lease/Loan Amount \$	
Current Market Value	Minus Loan Balance (Mortgages, etc.)			
\$ _____ X .8 = \$ _____ 0 - \$ _____ Total value of vehicle (if the vehicle is leased, enter 0 as the total value) =			(6a) \$ 0	
Subtract \$3,450 from line (6a) (If line (6a) minus \$3,450 is a negative number, enter "0")			(6b) \$ 0	
Vehicle Make & Model	Year	Date Purchased	Mileage	
<input type="checkbox"/> Lease <input type="checkbox"/> Loan	Name of Creditor	Date of Final Payment	Monthly Lease/Loan Amount \$	
Current Market Value	Minus Loan Balance (Mortgages, etc.)			
\$ _____ X .8 = \$ _____ 0 - \$ _____ Total value of vehicle (if the vehicle is leased, enter 0 as the total value) =			(6c) \$ 0	
If you are filing a joint offer, subtract \$3,450 from line (6c) (If line (6c) minus \$3,450 is a negative number, enter "0") If you are not filing a joint offer, enter the amount from line (6c)			(6d) \$ 0	
Total value of vehicles listed from attachment [current market value X .8 minus any loan balance(s)]				(6e) \$
Total lines (6b), (6d), and (6e) =				(6) \$ 0

**Section 3 (Continued)****Personal Asset Information**

Other valuable items (artwork, collections, jewelry, items of value in safe deposit boxes, interest in a company or business that is not publicly traded, etc.)

Description of asset:		
Current Market Value	Minus Loan Balance	
\$ _____ X .8 = \$ _____ 0 - \$ _____ =	(7a) \$	0
Description of asset:		
Current Market Value	Minus Loan Balance	
\$ _____ X .8 = \$ _____ 0 - \$ _____ =	(7b) \$	0
Value of remaining furniture and personal effects (not listed above)		
Description of asset:		
Current Market Value	Minus Loan Balance	
\$ _____ X .8 = \$ _____ 0 - \$ _____ =	(7c) \$	0
Total value of valuable items listed from attachment [current market value X .8 minus any loan balance(s)]		(7d) \$
Add lines (7a) through (7d) =		(7) \$ 0
Do not include amount on the lines with a letter beside the number. Round to the nearest whole dollar. Do not enter a negative number. If any line item is a negative, enter "0" on that line.		<b>Box A</b> Available Individual Equity in Assets
Add lines (1) through (7) and enter the amount in Box A =		\$ _____ 0

NOTE: If you or your spouse are self-employed, Sections 4, 5, and 6 must be completed before continuing with Sections 7 and 8.

**Section 4****Self-Employed Information**

If you or your spouse are self-employed (e.g., files Schedule(s) C, E, F, etc.), complete this section.

Is your business a sole proprietorship?		Address of Business (If other than personal residence)	
<input type="checkbox"/> Yes <input type="checkbox"/> No			
Name of Business			
Business Telephone Number	Employer Identification Number	Business Website	Trade Name or DBA
Description of Business	Total Number of Employees	Frequency of Tax Deposits	Average Gross Monthly Payroll \$
Do you or your spouse have any other business interests? Include any interest in an LLC, LLP, corporation, partnership, etc.		Business Address (Street, City, State, ZIP code)	
<input type="checkbox"/> Yes (Percentage of ownership: _____) Title: _____			
<input type="checkbox"/> No			
Business Name		Business Telephone Number	Employer Identification Number
Type of business (Select one) <input type="checkbox"/> Partnership <input type="checkbox"/> LLC <input type="checkbox"/> Corporation <input type="checkbox"/> Other _____			

**Section 5****Business Asset Information (for Self-Employed)**

List business assets such as bank accounts, tools, books, machinery, equipment, business vehicles and real property that is owned/leased/rented. If additional space is needed, attach a list of items. Do not include personal assets listed in Section 3.

Round to the nearest whole dollar. Do not enter a negative number. If any line item is a negative number, enter "0".

<input type="checkbox"/> Cash	<input type="checkbox"/> Checking	<input type="checkbox"/> Savings	<input type="checkbox"/> Money Market Account/CD	<input type="checkbox"/> Online Account	<input type="checkbox"/> Stored Value Card
Bank Name		Account Number			
				(8a) \$	
<input type="checkbox"/> Cash	<input type="checkbox"/> Checking	<input type="checkbox"/> Savings	<input type="checkbox"/> Money Market Account/CD	<input type="checkbox"/> Online Account	<input type="checkbox"/> Stored Value Card
Bank Name		Account Number			
				(8b) \$	
Total bank accounts from attachment					(8c) \$
Add lines (8a) through (8c) =					(8) \$ 0

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**Section 5 (Continued) Business Asset Information (for Self-Employed)**

Description of asset:

Current Market Value	Minus Loan Balance	Total Value (if leased or used in the production of income, enter 0 as the total value)	
\$ _____ X .8 = \$ _____	0 - \$ _____		(9a) \$ _____ 0
Description of asset:			
Current Market Value	Minus Loan Balance	Total Value (if leased or used in the production of income, enter 0 as the total value)	
\$ _____ X .8 = \$ _____	0 - \$ _____		(9b) \$ _____ 0
Total value of assets listed from attachment [current market value X .8 minus any loan balance(s)]			(9c) \$ _____
<b>Add lines (9a) through (9c) =</b>			<b>(9) \$ _____ 0</b>
IRS allowed deduction for professional books and tools of trade -			(10) \$ [4,690]
<b>Enter the value of line (9) minus line (10). If less than zero enter zero. =</b>			<b>(11) \$ _____ 0</b>
<b>Notes Receivable</b>			
Do you have notes receivable? <input type="checkbox"/> Yes <input type="checkbox"/> No			
If yes, attach current listing that includes name(s) and amount of note(s) receivable.			
<b>Accounts Receivable</b>			
Do you have accounts receivable, including e-payment, factoring companies, and any bartering or online auction accounts? <input type="checkbox"/> Yes <input type="checkbox"/> No			
If yes, you may be asked to provide a list of your account(s) receivable.			
Do not include amounts from the lines with a letter beside the number [for example: (9c)]. Round to the nearest whole dollar.			<b>Box B</b>
Do not enter a negative number. If any line item is a negative, enter "0" on that line.			<b>Available Business Equity in Assets</b>
<b>Add lines (8) and (11) and enter the amount in Box B =</b>			<b>\$ _____ 0</b>

**Section 6 Business Income and Expense Information (for Self-Employed)**

If you provide a current profit and loss (P&L) statement for the information below, enter the total gross monthly income on line 17 and your monthly expenses on line 29 below. Do not complete lines (12) - (16) and (18) - (28). You may use the amounts claimed for income and expenses on your most recent Schedule C; however, if the amount has changed significantly within the past year, a current P&L should be submitted to substantiate the claim.

Round to the nearest whole dollar. Do not enter a negative number. If any line item is a negative number, enter "0".

<b>Business Income (You may average 6-12 months income/receipts to determine your Gross monthly income/receipts.)</b>	
Gross receipts	(12) \$ _____
Gross rental income	(13) \$ _____
Interest income	(14) \$ _____
Dividends	(15) \$ _____
Other income	(16) \$ _____
<b>Add lines (12) through (16) =</b>	<b>(17) \$ _____</b>
<b>Business Expenses (You may average 6-12 months expenses to determine your average expenses.)</b>	
Materials purchased (e.g., items directly related to the production of a product or service)	(18) \$ _____
Inventory purchased (e.g., goods bought for resale)	(19) \$ _____
Gross wages and salaries	(20) \$ _____
Rent	(21) \$ _____
Supplies (items used to conduct business and used up within one year, e.g., books, office supplies, professional equipment, etc.)	(22) \$ _____
Utilities/telephones	(23) \$ _____
Vehicle costs (gas, oil, repairs, maintenance)	(24) \$ _____
Business Insurance	(25) \$ _____
Current Business Taxes (e.g., Real estate, excise, franchise, occupational, personal property, sales and employer's portion of employment taxes)	(26) \$ _____
Secured debts (not credit cards)	(27) \$ _____
Other business expenses (include a list)	(28) \$ _____
<b>Add lines (18) through (28) =</b>	<b>(29) \$ _____</b>
Round to the nearest whole dollar.	
Do not enter a negative number. If any line item is a negative, enter "0" on that line.	
<b>Subtract line (29) from line (17) and enter the amount in Box C =</b>	<b>Box C</b>
	<b>Net Business Income</b>
	<b>\$ _____ 0</b>

**Section 7 Monthly Household Income and Expense Information**

Enter your household's gross monthly income. The information below is for yourself, your spouse, and anyone else who contributes to your household's income. The entire household includes spouse, non-liable spouse, significant other, children, and others who contribute to the household. This is necessary for the IRS to accurately evaluate your offer.

**Monthly Household income**

**Note:** Entire household income should also include income that is considered not taxable and may not be included on your tax return.

Round to the nearest whole dollar.

<b>Primary taxpayer</b>					
Gross Wages	Social Security	Pension(s)	Other Income (e.g. unemployment)	Total primary taxpayer income =	(30) \$ 0
\$ _____	+ \$ _____	+ \$ _____	+ \$ _____		
<b>Spouse</b>					
Gross Wages	Social Security	Pension(s)	Other Income (e.g. unemployment)	Total spouse income =	(31) \$ 0
\$ _____	+ \$ _____	+ \$ _____	+ \$ _____		
Additional sources of income used to support the household, e.g., non-liable spouse, or anyone else who may contribute to the household income, etc.					(32) \$
Interest and dividends					(33) \$
Distributions (e.g., income from partnerships, sub-S Corporations, etc.)					(34) \$
Net rental income					(35) \$
Net business income from Box C					(36) \$ 0
Child support received					(37) \$
Alimony received					(38) \$
Round to the nearest whole dollar. Do not enter a negative number. If any line item is a negative, enter "0" on that line. Add lines (30) through (38) and enter the amount in Box D =					<b>Box D</b> Total Household Income \$ 0

**Monthly Household Expenses**

Enter your average monthly expenses.

**Note:** For expenses claimed in boxes (39) and (45) only, you should list the full amount of the allowable standard even if the actual amount you pay is less. You may find the allowable standards at <http://www.irs.gov/Businesses/Small-Businesses-&Self-Employed/Collection-Financial-Standards>.

Round to the nearest whole dollar.

Food, clothing, and miscellaneous (e.g., housekeeping supplies, personal care products, minimum payment on credit card). A reasonable estimate of these expenses may be used.	(39) \$
Housing and utilities (e.g., rent or mortgage payment and average monthly cost of property taxes, home insurance, maintenance, dues, fees and utilities including electricity, gas, other fuels, trash collection, water, cable television and internet, telephone, and cell phone).	(40) \$
Vehicle loan and/or lease payment(s)	(41) \$
Vehicle operating costs (e.g., average monthly cost of maintenance, repairs, insurance, fuel, registrations, licenses, inspections, parking, tolls, etc.). A reasonable estimate of these expenses may be used.	(42) \$
Public transportation costs (e.g., average monthly cost of fares for mass transit such as bus, train, ferry, taxi, etc.). A reasonable estimate of these expenses may be used.	(43) \$
Health insurance premiums	(44) \$
Out-of-pocket health care costs (e.g. average monthly cost of prescription drugs, medical services, and medical supplies like eyeglasses, hearing aids, etc.)	(45) \$
Court-ordered payments (e.g., monthly cost of any alimony, child support, etc.)	(46) \$
Child/dependent care payments (e.g., daycare, etc.)	(47) \$
Life insurance premiums	(48) \$
Current monthly taxes (e.g., monthly cost of federal, state, and local tax, personal property tax, etc.)	(49) \$

## Section 7 Monthly Household Income and Expense Information (Continued)

Secured debts (e.g., any loan where you pledged an asset as collateral not previously listed, government guaranteed Student Loan)	(50) \$
Enter the amount of your monthly delinquent State and/or Local Tax payment(s)	(51) \$
Round to the nearest whole dollar. Do not enter a negative number. If any line item is a negative, enter "0" on that line. <b>Add lines (39) through (51) and enter the amount in Box E =</b>	<b>Box E</b> Total Household Expenses \$ 0
Round to the nearest whole dollar. Do not enter a negative number. If any line item is a negative, enter "0" on that line. <b>Subtract Box E from Box D and enter the amount in Box F =</b>	<b>Box F</b> Remaining Monthly Income \$ 0

## Section 8 Calculate Your Minimum Offer Amount

The next steps calculate your minimum offer amount. The amount of time you take to pay your offer in full will affect your minimum offer amount. Paying over a shorter period of time will result in a smaller minimum offer amount.

**Note:** The multipliers below (12 and 24) and the calculated offer amount do not apply if IRS determines you have the ability to pay your tax debt in full within the legal period to collect.

Round to the nearest whole dollar.

If you will pay your offer in 5 or fewer payments within 5 months or less, multiply "Remaining Monthly Income" (Box F) by 12 to get "Future Remaining Income" (Box G). Do not enter a number less than \$0.

Enter the total from Box F		X 12 =	Box G Future Remaining Income
\$ 0			\$ 0

If you will pay your offer in 6 to 24 months, multiply "Remaining Monthly Income" (Box F) by 24 to get "Future Remaining Income" (Box H). Do not enter a number less than \$0.

Enter the total from Box F		X 24 =	Box H Future Remaining Income
\$ 0			\$ 0

Determine your minimum offer amount by adding the total available assets from Box A and Box B (if applicable) to the amount in either Box G or Box H.

Enter the amount from Box A plus Box B (if applicable)	+	Enter the amount from either Box G or Box H	=	Offer Amount
\$ 0		\$ 0		Your offer must be more than zero (\$0). Do not leave blank. Use whole dollars only.
				\$ 0

If you cannot pay the Offer Amount shown above due to special circumstances, explain on the Form 656, Offer in Compromise, Section 3, Reason for Offer, Explanation of Circumstances. You must offer an amount more than \$0.

## Section 9 Other Information

Additional information IRS needs to consider settlement of your tax debt. If you or your business are currently in a bankruptcy proceeding, you are not eligible to apply for an offer.

Are you the beneficiary of a trust, estate, or life insurance policy?

☐ Yes ☐ No

Are you currently in bankruptcy?

☐ Yes ☐ No

Have you filed bankruptcy in the past 10 years?

☐ Yes ☐ No

Discharge/Dismissal Date (mm/dd/yyyy)

Location Filed

Are you or have you been party to a lawsuit?

☐ Yes ☐ No

If yes, date the lawsuit was resolved: (mm/dd/yyyy)

Are you or have you been party to any lawsuits involving the IRS/United States (including any suits regarding tax matters)?

☐ Yes ☐ No

If yes and the suit included tax debt, provide the types of tax and periods involved.

In the past 10 years, have you transferred any assets for less than their full value?

☐ Yes ☐ No

If yes, provide date, value, and type of asset transferred: (mm/dd/yyyy)

In the past 3 years have you transferred any real property (land, house, etc.)?

☐ Yes ☐ No

If yes, list the type of property, value, and date of the transfer.

Have you lived outside the U.S. for 6 months or longer in the past 10 years?

☐ Yes ☐ No

Do you have any assets or own any real property outside the U.S.?

☐ Yes ☐ No

If yes, provide description, location, and value.

Do you have any funds being held in trust by a third party?

☐ Yes ☐ No If yes, how much \$ Where:

## Section 10

## Signatures

Under penalties of perjury, I declare that I have examined this offer, including accompanying documents, and to the best of my knowledge it is true, correct, and complete.

Signature of Taxpayer	Date (mm/dd/yyyy)
Signature of Spouse	Date (mm/dd/yyyy)

Remember to include all applicable attachments listed below.

- ☐ Copies of the most recent pay stub, earnings statement, etc., from each employer
- ☐ Copies of the most recent statement for each investment and retirement account
- ☐ Copies of the most recent statement, etc., from all other sources of income such as pensions, Social Security, rental income, interest and dividends (including any received from a related partnership, corporation, LLC, LLP, etc.), court order for child support, alimony, and rent subsidies
- ☐ Copies of individual bank statements for the three most recent months. If you operate a business, copies of the six most recent statements for each business bank account.
- ☐ Copies of the most recent statement from lender(s) on loans such as mortgages, second mortgages, vehicles, etc., showing monthly payments, loan payoffs, and balances
- ☐ List of Notes Receivable, if applicable
- ☐ Verification of delinquent State/Local Tax Liability, if applicable
- ☐ Documentation to support any special circumstances described in the "Explanation of Circumstances" on Form 656, if applicable
- ☐ Attach a Form 2848, *Power of Attorney*, if you would like your attorney, CPA, or enrolled agent to represent you and you do not have a current form on file with the IRS.
- ☐ Completed and signed Form 656

## **Appendix E - Form 433-D**





## **Appendix F - Form 12277**

<b>Form 12277</b> (October 2011)	Department of the Treasury - Internal Revenue Service <b>Application for Withdrawal of Filed          Form 668(Y), Notice of Federal Tax Lien</b> <i>(Internal Revenue Code Section 6323(j))</i>		
1. Taxpayer Name <i>(as shown on the Notice of Federal Tax Lien)</i>		2. Social Security/Employer Identification No.	
3. Taxpayer's Representative, if applicable, or Name and Title of contact person, if taxpayer is a business			
4. Address <i>(Number, Street, P.O. Box)</i>			
5. City	6. State	7. ZIP code	8. Phone Number
9. Attach copy of the Form 668(Y), Notice of Federal Tax Lien, if available, <b>OR</b> , if you don't have a copy, provide the following information, if available:			
Serial number of Form 668(Y) <i>(found near the top of the document)</i>		Date Form 668(Y) filed	
Recording office where Form 668(Y) was filed			
10. Current status of the federal tax lien <i>("x" appropriate box)</i>			
<input type="checkbox"/> Open <input type="checkbox"/> Released <input type="checkbox"/> Unknown			
11. Reason for requesting withdrawal of the filed Notice of Federal Tax Lien <i>("x" appropriate box(es))</i>			
<input type="checkbox"/> The Notice of Federal Tax Lien was filed prematurely or not in accordance with IRS procedures.			
<input type="checkbox"/> The taxpayer entered into an installment agreement to satisfy the liability for which the lien was imposed and the agreement did not provide for a Notice of Federal Tax Lien to be filed.			
<input type="checkbox"/> The taxpayer is under a Direct Debit Installment Agreement.			
<input type="checkbox"/> Withdrawal will facilitate collection of the tax.			
<input type="checkbox"/> The taxpayer, or the Taxpayer Advocate acting on behalf of the taxpayer, believes withdrawal is in the best interest of the taxpayer and the government.			
12. Explain the basis for the withdrawal request <i>(attach additional sheets and other documentation that substantiates your request, as needed)</i>			
<b>Affirmation</b>	Under penalties of perjury, I declare that I have examined this application (including any accompanying schedules, exhibits, affidavits, and statements) and, to the best of my knowledge and belief, it is true, correct, and complete		
	Signature <i>(Taxpayer or Representative)</i>	Title <i>(if business)</i>	Date

DXA

www.irs.gov

Form **12277** (Rev. 10-2011)

## **Appendix G – Form 9423**

Form <b>9423</b> (August 2014)	Department of the Treasury - Internal Revenue Service <b>Collection Appeal Request</b> (Instructions are on the reverse side of this form)		
1. Taxpayer's name		2. Representative (Attach a copy of Form 2848, Power of Attorney)	
3. SSN/EIN	4. Taxpayer's business phone	5. Taxpayer's home phone	6. Representative's phone
7. Taxpayer's street address			
8. City		9. State	10. Zip code
11. Type of tax (Tax form)		12. Tax periods being appealed	13. Tax due
<b>Collection Action(s) Appealed</b>			
14. Check the Collection action(s) you are appealing			
<input type="checkbox"/> Federal Tax Lien		<input type="checkbox"/> Levy or Proposed Levy	<input type="checkbox"/> Seizure
<input type="checkbox"/> Rejection of Installment Agreement		<input type="checkbox"/> Termination of Installment Agreement	<input type="checkbox"/> Modification of Installment Agreement
<b>Explanation</b>			
15. Explain why you disagree with the collection action(s) you checked above and explain how you would resolve your tax problem. Attach additional pages if needed. Attach copies of any documents that you think will support your position. Generally, the Office of Appeals will ask the Collection Function to review, verify and provide their opinion on any new information you submit. We will share their comments with you and give you the opportunity to respond.			
Under penalties of perjury, I declare that I have examined this request and any accompanying documents, and to the best of my knowledge and belief, they are true, correct and complete. A submission by a representative, other than the taxpayer, is based on all information of which the representative has any knowledge.			
16. <input type="checkbox"/> Taxpayer's or <input type="checkbox"/> Authorized Representative's signature (Only check one box)			17. Date signed
<b>IRS USE ONLY</b>			
18. Revenue Officer's name	19. Revenue Officer's signature	20. Date signed	
21. Revenue Officer's phone	22. Revenue Officer's email address	23. Date received	
24. Collection Manager's name	25. Collection Manager's signature	26. Date signed	
27. Collection Manager's phone	28. Collection Manager's email address	29. Date received	
Form <b>9423</b> (Rev. 8-2014) <span style="margin-left: 150px;">www.irs.gov</span> <span style="float: right;">Department of the Treasury - Internal Revenue Service</span> DXA			

## **Appendix H – Form 9465**

## Installment Agreement Request

► Go to [www.irs.gov/Form9465](http://www.irs.gov/Form9465) for instructions and the latest information.  
► If you are filing this form with your tax return, attach it to the front of the return.  
► See separate instructions.

OMB No. 1545-0074

**Tip:** If you owe \$50,000 or less, you may be able to establish an installment agreement online, even if you have not yet received a bill for your taxes. Go to [www.irs.gov/opa](http://www.irs.gov/opa) to apply for an Online Payment Agreement. See the instructions to find out when you are not required to file Form 9465.

### Part I

This request is for Form(s) (for example, Form 1040 or Form 941) ►

Enter tax year(s) or period(s) involved (for example, 2016 and 2017, or January 1, 2017 to June 30, 2017) ►

<b>1a</b> Your first name and initial	Last name	Your social security number
If a joint return, spouse's first name and initial	Last name	Spouse's social security number
Current address (number and street). If you have a P.O. box and no home delivery, enter your box number.		Apt. number
City, town or post office, state, and ZIP code. If a foreign address, also complete the spaces below (see instructions)		
Foreign country name	Foreign province/state/county	Foreign postal code

**1b** If this address is new since you filed your last tax return, check here ☐

**2** Name of your business (must be no longer operating) Employer identification number (EIN)

<b>3</b> Your home phone number	Best time for us to call	<b>4</b> Your work phone number	Ext.	Best time for us to call
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**5** Enter the total amount you owe as shown on your tax return(s) (or notice(s)) **5**

**6** If you have any additional balances due that aren't reported on line 5, enter the amount here (even if the amounts are included in an existing installment agreement) **6**

**7** Add lines 5 and 6 and enter the result **7**

**8** Enter the amount of any payment you are making with this request. See instructions **8**

**9** Amount owed. Subtract line 8 from line 7 and enter the result **9**

**10** Divide the amount on line 9 by 72 and enter the result **10**

**11a** Enter the amount you can pay each month. Make your payment as large as possible to limit interest and penalty charges, **as these charges will continue to accrue until you pay in full.** If you have an existing installment agreement, this amount should represent your total proposed monthly payment amount for all your liabilities. **If no payment amount is listed on line 11a, a payment will be determined for you by dividing the balance due on line 9 by 72 months** **11a** \$

**b** If the amount on line 11a is less than the amount on line 10 and you are able to increase your payment to an amount that is equal to or greater than the amount on line 10, enter your revised monthly payment **11b** \$

If you can't increase your payment on line 11b to more than or equal to the amount shown on line 10, check the box. Also, complete and attach Form 433-F, *Collection Information Statement* ☐

- If the amount on line 11a (or 11b, if applicable) is more than or equal to the amount on line 10 and the amount you owe is over \$25,000 but not more than \$50,000, then you do not have to complete Form 433-F. However, if you don't complete Form 433-F, then you must complete either line 13 or 14.

- If the amount on line 9 is greater than \$50,000, complete and attach Form 433-F.

**12** Enter the date you want to make your payment each month. Don't enter a date later than the 28th **12**

**13** If you want to make your payments by direct debit from your checking account, see the instructions and fill in lines 13a and 13b. This is the most convenient way to make your payments and it will ensure that they are made on time.

► **a** Routing number

► **b** Account number

I authorize the U.S. Treasury and its designated Financial Agent to initiate a monthly ACH debit (electronic withdrawal) entry to the financial institution account indicated for payments of my federal taxes owed, and the financial institution to debit the entry to this account. This authorization is to remain in full force and effect until I notify the U.S. Treasury Financial Agent to terminate the authorization. To revoke payment, I must contact the U.S. Treasury Financial Agent at 1-800-829-1040 no later than 14 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payments of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payments.

**14** If you want to make your payments by payroll deduction, check this box and attach a completed Form 2159, *Payroll Deduction Agreement* ☐

Your signature	Date	Spouse's signature. If a joint return, both must sign.	Date
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For Privacy Act and Paperwork Reduction Act Notice, see instructions.  
DXA

Form **9465** (Rev. 1-2018)

**Part II****Additional information.** Complete this part only if all 3 conditions apply:

1. you defaulted on an installment agreement in the past 12 months,
2. you owe more than \$25,000 but not more than \$50,000, and
3. the amount on line 11a (or 11b, if applicable) is less than line 10.

**Note:** If you owe more than \$50,000, complete and attach Form 433-F, *Collection Information Statement*.**15** In which county is your primary residence? \_\_\_\_\_**16a** Marital status:

- ☐ Single. Skip question 16b and go to question 17.  
☐ Married. Go to question 16b.

**b** Do you share household expenses with your spouse?

- ☐ Yes.  
☐ No.

**17** How many dependents will you be able to claim on this year's tax return? ..... **17** | \_\_\_\_\_**18** How many people in your household are 65 or older? ..... **18** | \_\_\_\_\_**19** How often are you paid?

- ☐ Once a week.  
☐ Once every two weeks.  
☐ Once a month.  
☐ Twice a month.

**20** What is your net income per pay period (take home pay)? ..... **20** | \$ \_\_\_\_\_**Note:** Complete lines 21 and 22 only if you have a spouse and meet certain conditions (see instructions). If you don't have a spouse, go to line 23.**21** How often is your spouse paid?

- ☐ Once a week.  
☐ Once every two weeks.  
☐ Once a month.  
☐ Twice a month.

**22** What is your spouse's net income per pay period (take home pay)? ..... **22** | \$ \_\_\_\_\_**23** How many vehicles do you own? ..... **23** | \_\_\_\_\_**24** How many car payments do you have each month? ..... **24** | \_\_\_\_\_**25a** Do you have health insurance?

- ☐ Yes. Go to question 25b. ☐ No. Skip question 25b and go to question 26a.

**b** Are your health insurance premiums deducted from your paycheck?

- ☐ Yes. Skip question 25c and go to question 26a. ☐ No. Go to question 25c.

**c** How much are your monthly health insurance premiums? ..... **25c** | \$ \_\_\_\_\_**26a** Do you make court-ordered payments?

- ☐ Yes. Go to question 26b. ☐ No. Go to question 27.

**b** Are your court-ordered payments deducted from your paycheck?

- ☐ Yes. Go to question 27. ☐ No. Go to question 26c.

**c** How much are your court-ordered payments each month? ..... **26c** | \$ \_\_\_\_\_**27** Not including any court-ordered payments for child and dependent support, how much do you pay for child or dependent care each month? ..... **27** | \$ \_\_\_\_\_