

*From the desk of Jeanne M. Kerkstra, Esq., CPA.*

**Viewpoint**  
**Changes to Offers in Compromise: A Gentler, Kinder IRS?**

First, there was a major overhaul in the bankruptcy laws making it more difficult in general for individuals to do away with burdensome debt. Now, effective July 16, 2006, there have been major changes to how an individual may submit an Offer in Compromise to the IRS. See IRS Notice 2006-68. If you make either a lump sum payment or installments of five or fewer, then you must make a ***non-refundable*** payment of 20% of the amount of the Offer. Also, if you are making installments of six or more, then you are required to make installments while the Offer is being evaluated by the IRS. All installment payments are ***non-refundable***. The IRS will waive payments with respect to Offers in Compromise submitted by (1) low income taxpayers, and (2) with respect to Offers submitted by other taxpayers ***based only on doubt as to liability***. Hopefully, a revised Form 656 will be posted on the IRS website by the end of the month. However, in the meantime, you are to continue to use the 2004 revision of the Form 656.

<p>Jeanne M. Kerkstra, Esq., CPA KERKSTRA LAW OFFICES LLC 53 W. Jackson Blvd. Suite 1530 Chicago, IL 60604 312.427.0493 312.675.0500 (fax) <a href="mailto:jmk@kerkstralaw.com">jmk@kerkstralaw.com</a></p>	<p>KERKSTRA LAW OFFICES LLC Problem? Solved.®</p> <p>asset protection • estate planning corporate work • business succession planning forensic investigation • litigation and more</p>
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