

FORM OIC-671 Instructions

Offer in Compromise Agreement

General Information

Please print in **BLUE** or **BLACK** ink only.

The Vermont Department of Taxes has an Offer in Compromise (OIC) Program, which is an alternative to declaring a case as uncollectible or creating a very long installment agreement. The OIC program may also be used to settle disputes or active appeals.

Before a taxpayer can enter the OIC Program, the debt must be final, or in the case of an appeal, a settlement is offered instead of continuing the appeal.

The acceptance or denial of an OIC will be primarily based on the receipt of a completed form and good faith payment, along with the validation of the information provided in the agreement, the collection of information statement, and other information available to the Department. The Department will also consider your history of filing and paying your tax liabilities in a timely manner.

If the Department accepts your OIC agreement, you must submit payment within 30 days of the acceptance notification. You also must adhere to the terms of the agreement outlined in Section 6 of the Offer in Compromise Agreement, Form OIC-671.

Interest and penalty will continue to accrue on any unpaid tax debt until the terms of an accepted offer are satisfied, and the debt is paid in full.

Acceptance of an OIC by the Internal Revenue Service does not automatically guarantee the Vermont Department of Taxes will offer the same terms or accept an OIC for Vermont taxes. A request for an OIC for Vermont taxes is reviewed and evaluated on its own merits according to the Department's OIC procedures. The Federal Form 656, Offer in Compromise, cannot be substituted for the Vermont Offer in Compromise Agreement, Form OIC-671. However, the taxpayer may submit to Vermont copies of other supporting documents, such as the current financial statements included in a compromise offer submitted to the Internal Revenue Service.

Preliminary Considerations

- A. Read and understand the "Offer Terms" provided in Section 6 of the Offer in Compromise Agreement, Form OIC-671. By submitting the OIC Agreement, you will be certifying you have read, understand, and agree to the terms and conditions provided.
- B. If you are an individual, review and determine if you qualify for the Low Income Certification provided in Section 4 of the Offer in Compromise Agreement, Form OIC-671.
- C. If you are not an individual that qualifies for the Low Income Certification, calculate the amount of your good faith payment that must be included with your OIC Agreement request. The good faith payment equals 5% of your current balance due. The Department will apply your good faith payment to your outstanding balance and will not refund it, even if your OIC agreement is not accepted.

- D.** Determine the reason for an OIC that applies to your situation. When completing the OIC agreement you will be required to select the **ONE** reason that applies to you. The three types of reasons are described in Section 3 of the Offer in Compromise Agreement, Form OIC-671. The reason that applies to your situation will also determine the additional information you will be required to submit with your agreement request.

Instructions for Completing Offer in Compromise Agreement, Form OIC-671

Section 1 – Taxpayer Contact Information

If you are an individual submitting the request, provide the information requested in Box A and Box C.

If you are a business entity submitting the request, provide the information requested in Box B and Box C.

Section 2 – Tax Period(s)

Provide all the information requested in Box D.

Section 3 – Reason for Offer

Select the **ONE** reason that applies to your situation.

Depending on the reason selected, additional documentation will be required.

If you select the **Doubt as to Collectability** reason, you must also complete **ONE** of the following forms:

- Collection Information Statement for **Businesses**, Form OIC-672
- Collection Information Statement for **Wage Earner and Self-Employed Individuals**, Form OIC-673

If you selected the **Doubt as to Liability** reason, you must include a detailed explanation about why you believe you do not owe the tax. You must provide your explanation on a separate paper and not on the form. You must also include a corrected calculation of what you believe your tax liability to be.

If you selected the **Economic Hardship** reason, you must submit a written narrative explaining your exceptional circumstance. You must provide your explanation on a separate paper and not on the form. You must also complete **ONE** of the following forms:

- Collection Information Statement for **Businesses**, Form OIC-672
- Collection Information Statement for **Wage Earner and Self-Employed Individuals**, Form OIC-673

Exceptional Circumstances - The Department understands there are unplanned events or special circumstances, such as serious illness, where paying the full amount might impair your ability to provide for yourself and your family. If this is the case, describe your situation and attach documents that support your claim to your OIC agreement request. When reviewing your OIC, the Department will consider your claim of exceptional circumstance in relation to your financial profile.

Section 4 - Low Income Certification (Individuals only)

If you are an individual, place an “X” in the appropriate spot indicating if you do or do not qualify for the Low Income Certification.

NOTE: If your gross monthly household income is less than or equal to the amount shown in the chart provided on the Offer in Compromise Agreement, Form OIC-671, considering your family size and where you live, you qualify for the Low Income Certification. If you qualify for the Low Income Certification, you are not required to submit the 5% good faith payment.

Section 5 – Payment Terms

This section of the Agreement request requires you to:

1. Provide how much you currently owe, the amount of your offer, good faith payment, and the balance to be paid if your offer is accepted.
 - If you qualify for the Low Income Certification, indicate zero as the amount of your good faith payment.
 - The amount of your offer must exceed zero.
2. Indicate which payment option you want to pay the balance due if your offer is accepted.
3. Provide additional information related to the payment option you selected.

NOTE: If you select payment option #2, you also are agreeing to have your payments made electronically through ACH debit following the acceptance of your agreement.

With either option, you must pay within 30 days of being notified your agreement has been accepted.

Section 6 – Offer Terms

Before you submit your OIC Agreement request, it is very important that you understand the terms of your agreement.

Read this section thoroughly.

Contact us at 802-828-2518 if you have any questions.

Section 7 – Mandatory Signatures

You must complete this section, providing the requested information and your signature.

If you do not provide the requested information, the Department will either **1)** return your agreement request to you and apply your good faith payment to your balance due, or **2)** deny your agreement request.

Section 8 – Submission Information

You must include a check, payable to the Vermont Department of Taxes, with your agreement request. If you qualified for the Low Income Certification, you do not need to send payment.

Your check, along with your payment and other required documents, must be mailed to:

Offer in Compromise Program
Vermont Department of Taxes
PO Box 429
Montpelier, VT 05601-0429

Final check to ensure you have provided all the necessary information

If you are an individual, did you:

- Provide your name and Social Security Number on the top of pages 2 through 6?
- Provide all the required information in Section 1 (Boxes A and C) and Section 2?
- Indicate only one reason for your offer in Section 3?
- Complete the appropriate Collection of Information Statement and/or provide a detailed explanation as required by the type of reason you selected? See Section 3 Instructions for additional detail.
- Indicate whether you qualified for the Low Income Certification in Section 4?
- Indicate amounts on Lines 1 through 4 in Section 5?
- Select Payment Option #1 or #2 and provide the additional information related to your payment option in Section 5?
- Thoroughly read the “Offer Terms” provided in Section 6?
- Provide all the information required in Section 7, Mandatory Signature, and sign the form?
- Make your check payable to the Vermont Department of Taxes, in the amount equal to the good faith payment (if you do not qualify for Low Income Certification)?

If you are filing on behalf of a business, did you:

- Provide the name of your business and Social Security Number or federal identification number on the top of pages 2 through 6?
- Provide all the required information in Section 1 (Boxes B and C) and Section 2?
- Indicate only one reason for your offer in Section 3?
- Complete the appropriate Collection of Information Statement and/or provide a detailed explanation as required by the type of reason you selected? See Section 3 Instructions for additional detail.
- Indicate amounts on Lines 1 through 4 in Section 5?
- Select Payment Option #1 or #2 and provide the additional information related to your payment option in Section 5?
- Thoroughly read the “Offer Terms” provided in Section 6?
- Provide all the information required in Section 7, Mandatory Signature, and sign the form?
- Make your check payable to the Vermont Department of Taxes in the amount equal to the good faith payment?

Consideration of your OIC Agreement request

Once your OIC Agreement request is received, the Department will review it to make sure it is complete. The Department will confirm you have provided all the required information on the OIC Agreement, Form OIC-671; included the additional documentation (depending on the reason type of your request noted in Section 3; and your good faith payment has been honored by the bank. When the Department has confirmed your OIC is complete, we will send you an acknowledgment letter saying your agreement is being considered.

The Department will accept or deny your OIC Agreement within 60 days of the acknowledgment letter.

If you have any questions about the OIC program or your balance due the Vermont Department of Taxes, please contact us during regular business hours at 802-828-2518.



VT Form OIC-671	OFFER IN COMPROMISE AGREEMENT
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Before completing this Agreement request, you are strongly encouraged to review the Offer in Compromise Agreement Program Instructions.

Additional information about the Offer in Compromise Program is also provided at www.tax.vermont.gov. Incomplete or improperly completed Offer in Compromise (OIC) documents will delay the processing of your request and may be grounds to deny it.

NOTE: In the following agreement, the pronoun “we” may be assumed in place of “I” when there are joint liabilities and both parties are signing this agreement.

SECTION 1 Taxpayer Contact Information

BOX A

For Individual(s) only

Taxpayer's Last Name	First Name	Initial	Taxpayer's Social Security Number
Cell Phone (anytime)	Daytime Telephone		Evening Telephone
Spouse/CU Partner Last Name	First Name	Initial	Spouse/CU Partner Social Security Number
Cell Phone (anytime)	Daytime Telephone		Evening Telephone

OR

BOX B

For Business Entity only

Business Name (use if business is making offer)	Federal ID Number
Authorized Agent	Title Telephone Number

AND

BOX C

For Both Individual(s) and Business Entity

Mailing Address	For Department Use Only		
City		State	ZIP Code
Foreign Country (if not United States)			

SECTION 2 Tax Period(s)

I submit this offer to compromise the tax liabilities plus any interest, penalties, additions to tax, and additional amounts required by law for the tax type(s) and period(s) noted below.

BOX D

Individual Income Tax - Tax Period(s)	Sales and Use Tax - Tax Period(s)	Withholding Tax - Tax Period(s)	Meals and Rooms Tax - Tax Period(s)
Other Tax Type #1 (specify)	Other Tax Type #1 - Tax Period(s)	Other Tax Type #2 (specify)	Other Tax Type #2 - Tax Period(s)

(continued on next page)

Taxpayer's Last Name OR Business Name
Social Security Number OR Federal ID Number



SECTION 3 Reason for Offer. Select ONE reason by placing an "X" in the appropriate box.

Doubt as to Collectability, meaning "I have insufficient assets and income to pay the full amount."

In selecting this type, you must also complete **ONE** of the following forms:

- Collection Information Statement for Business, Form OIC-672
- Collection Information Statement for Wage Earner and Self-Employed Individuals, Form OIC-673

Doubt as to Liability, meaning "I do not believe I owe this amount."

In selecting this type, you must include a detailed explanation of the reason(s) about why you believe you do not owe the tax. You must submit this on a separate paper and not on the form. You must also include a corrected calculation of what you believe your tax liability to be. **Please note:** You cannot submit an Offer in Compromise claiming both that you do not believe the liability is correct (Doubt as to Liability) and that you are unable to pay it (Doubt as to Collectability).

Economic Hardship, meaning "I owe this amount and have sufficient assets to pay the full amount, but due to my exceptional circumstances, requiring full payment would cause an economic hardship."

In selecting this type, you must also complete **ONE** of the following forms **AND** submit a written narrative explaining your exceptional circumstances:

- Collection Information State for Business, Form OIC-672
- Collection Information Statement for Wage Earner and Self-Employed Individuals, Form OIC-673

Exceptional Circumstances (attach additional pages, if necessary): The Vermont Department of Taxes understands there are unplanned events or special circumstances, such as serious illness, where paying the full amount might impair your ability to provide for yourself and your family. If this is the case, describe your situation below and attach documents that support your claim to your request. When reviewing your OIC, the Department will consider your claim of exceptional circumstance in relation to your financial profile.

SECTION 4 Low Income Certification (Individuals only)

If your gross monthly household income is less than or equal to the amount shown in this chart, based on your family size and where you live, you qualify for the Low Income Certification. If you qualify, you are not required to submit the 5% good faith payment.

Do you qualify for Low Income Certification? . . . Yes No

Low Income Certification Monthly Income Guidelines			
Size of Family Unit	48 Contiguous States and D.C.	Hawaii	Alaska
1	\$2,431	\$2,796	\$3,038
2	\$3,277	\$3,769	\$4,096
3	\$4,123	\$4,742	\$5,154
4	\$4,969	\$5,715	\$6,213
5	\$5,815	\$6,688	\$7,271
6	\$6,660	\$7,660	\$8,329
7	\$7,506	\$8,633	\$9,388
8	\$8,352	\$9,606	\$10,446
For each additional person, add	\$846	\$973	\$1,058

Source: IRS Form 656b, Section 4

Taxpayer's Last Name OR Business Name
Social Security Number OR Federal ID Number



SECTION 5 Payment Terms

Indicate the applicable dollar amounts on Lines 1-4.

- 1. Total amount due (as shown on the last Statement of Account) 1. \$ _____ . _____
- 2. Amount of my offer*
(from Form OIC-172, Box 7, or Form OIC-673, Box 8) 2. \$ _____ . _____
- 3. Amount of good faith payment submitted with this
OIC Agreement request (Form OIC-671) 3. \$ _____ . _____
- 4. Balance to be paid (Line 2 minus Line 3) 4. \$ _____ . _____

*NOTE: If amount of offer is less than "Minimum Offer Amount" on Collection Information Statement (Form OIC-672 or OIC-673), provide a detailed explanation on a separate paper.

Indicate your payment option.

Payment Option #1 – I will pay the offer in full within 30 days from written acceptance of the offer.
Tell us where you will obtain the funds to pay your offer. You may consider borrowing from friends and/or family, taking out a loan, or selling assets.

Payment Option #2 – I will need more than 30 days from written acceptance of the offer to pay the amount indicated on Line 4 in full. In selecting this payment option, I also understand my payments will be made electronically through ACH debit, which I agree to set up following the acceptance of my agreement.

- 5. Number of months, generally not to exceed 36 months 5. _____
- 6. Amount of payment due each month (Divide Line 4 by Line 5) . . . 6. _____ . _____
- 7. Day of the month payment will be made on 7. _____

SECTION 6 Offer Terms

By submitting this offer, I/we have read, understand, and agree to the following terms and conditions:

Terms, Conditions, and Legal Agreement

a) I request that the Vermont Department of Taxes (Department) accept the offer amount listed in this offer application as payment of my outstanding tax debt (including interest, penalties, and any additional amounts required by law) as of the date listed on this form. I authorize the Department to amend Section 2 on page 1 in the event I failed to list any of my assessed tax debt.

The Department will keep my deposit, payments, vendor offsets, and refunds

b) I voluntarily submit the good faith payment (indicated in Section 5) made on this offer and understand it is not refundable even if I withdraw the offer or the Department rejects or returns the offer. If the offer is accepted, I understand the Department will apply the good faith payment to my assessed tax debt and the Department will apply payments made after acceptance in the best interest of the government.

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Taxpayer's Last Name OR Business Name
Social Security Number OR Federal ID Number



SECTION 6 Offer Terms (continued)

- c) The Department will keep any federal offset, State of Vermont vendor offset payment or refund, including interest, that might be due to me until the agreed amount has been paid. The Department will apply them to reduce the balance and term of the offer. I cannot designate that a refund be applied to estimated tax payments for the following year. If I receive a refund after I submit this offer, I will return the refund as soon as possible.
- d) The Department will keep any monies it has collected prior to this offer and any payments I make relating to this offer. The Department may continue collection activities up to the time a Department official sends a letter acknowledging receipt of my offer. I understand that after an offer is determined to be complete and submitted for processing, the Department will not act to collect the tax liability while it considers and evaluates my offer. However, I also understand the Department will not suspend collection if the Department determines that I submitted my offer to delay collection or cause a delay that will jeopardize the Department's ability to collect the tax.

Pending status of an offer

- e) Once an authorized Department official sends a letter acknowledging receipt of my offer, my offer is considered pending as of that letter date. It remains pending until the Department accepts, rejects, returns, or terminates my offer, or I withdraw my offer. An offer will be considered withdrawn when the Department receives my written notification of withdrawal or when I inform the Department of my withdrawal by other means, and the Department acknowledges in writing my intent to withdraw the offer.

I must comply with my future tax obligations and understand I remain liable for the full amount of my tax debt until all terms and conditions of this offer have been met.

- f) I will file tax returns and pay required taxes until my offer is paid in full. If this is an offer being submitted for joint tax debt, and one of us does not comply with future obligations, only the non-compliant taxpayer will be in default of this agreement.
- g) The Department will not remove the original amount of my tax debt from its records until I have met all the terms and conditions of this offer. Penalty and interest will continue to accrue on all tax liabilities until all payment terms of the offer have been met. If I file for bankruptcy before the terms are fully met, any claim the Department files in the bankruptcy proceedings will be a tax claim.
- h) Once the Department accepts my offer in writing, I have no right to contest, in court or otherwise, the amount of the tax debt.

I understand what will happen if I fail to meet the terms of my offer (e.g., default).

- i) If I fail to meet any of the terms of this offer, this agreement becomes null and void. The Department may initiate enforced collection activities, including levy or garnishment, to collect any amount ranging from the unpaid balance of the offer to the original amount of the tax debt without further notice of any kind.

(continued on next page)

Taxpayer's Last Name OR Business Name
Social Security Number OR Federal ID Number



SECTION 6 Offer Terms (continued)

I agree to waive time limits provided by law.

- j) To have my offer considered, I agree to extend the time limit provided by law to assess my tax debt (statutory period of assessment). I agree the date by which the Department must assess my tax debt will now be the date by which my debt must currently be assessed plus the period of time my offer is pending plus one additional year if the Department rejects, returns, or terminates my offer or I withdraw it. (Paragraph e of this section defines pending and withdrawal.) I understand I have the right not to extend or to limit the extension to a certain length or certain periods or issues. I understand, however, the Department may not consider my offer if I refuse to extend the statutory period of assessment or if I limit the extension. (32 V.S.A. § 5882 (b)(4)) I also understand the statutory period for collecting my tax debt will be suspended during the time my offer is pending with the Department, for 30 days after any rejection of my offer by the Department, and during the time any rejection of my offer is being considered by the Department. I also agree to stipulate to a civil judgment to extend the statute of limitations for collections, if needed, to complete an installment payment agreement.

I understand the Department may file a Tax Lien on my property.

- k) The Department may sue me to obtain a civil judgment or may file a tax lien during the offer investigation and to protect the Government's interest on offers with deferred payments. This judgment (if recorded) and tax lien will be released when the payment terms of the offer agreement have been satisfied.

I authorize the Department to contact relevant third parties in order to process my offer.

- l) By authorizing the Department to contact third parties including credit bureaus, I understand that I will not be notified which third parties the Department contacts as part of the offer application process.

I am submitting an offer as an individual for a joint liability.

- m) I understand if the liability sought to be compromised is the joint and individual liability of myself and my co-obligor(s) and I am submitting this offer to compromise my individual liability only, then if this offer is accepted, it does not release or discharge my co-obligor(s) from liability. The Department still reserves all rights of collection against the co-obligor(s).

I authorize the Department to withdraw money from my bank account if I choose a monthly payment option.

- n) If Payment Option #2 is selected under Section 5 of this application, I will initiate a recurring monthly payment from my bank account to pay this obligation. If necessary, I authorize the Department and its designated financial agent to initiate a monthly ACH electronic funds withdrawal entry to the financial institution account indicated in Section 5 for payments of my state taxes included in this offer and the financial institution to debit the entry to this account. I also authorize the financial institutions involved in the processing of electronic payments of state taxes to receive confidential tax information necessary to answer inquiries and resolve issues related to those payments. This authorization is to remain in full force and effect until I notify the Department to terminate the authorization. Offers paid using Payment Option #2 will continue to accrue at the statutory interest rate.

Taxpayer's Last Name OR Business Name
Social Security Number OR Federal ID Number



SECTION 7 Mandatory Signatures

I declare under the penalties of perjury, this application is true, correct, and complete to the best of my knowledge. If prepared by a person other than the taxpayer, his/her declaration further provides under 32 V.S.A. §§ 5901-5903 this information has not been and will not be used for any other purpose or made available to any other person other than for the preparation of this application unless a separate valid consent form is signed by the taxpayer and retained by the preparer.

	Signature of Taxpayer (Individual) or Authorized Agent (Business)	Date	Daytime telephone number ()	May the Dept. of Taxes discuss this application with the preparer shown? <input type="checkbox"/> Yes* <input type="checkbox"/> No
	Signature of Spouse or CU Partner (Individual only)	Date	Email address	
Paid Preparer's Use Only	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	
	Preparer's printed name	Preparer's Social Security No. or PTIN		
	Firm's name (or yours if self-employed) and address			
	EIN	Preparer's telephone number ()	Preparer's email address (optional)	

SECTION 8 Submission Information

Make the check for your good faith payment payable to **Vermont Department of Taxes** and attach to the front of your Form OIC-671, Offer in Compromise. Do not send cash. Send a separate good faith payment with each offer; do not combine it with any other tax payments, as this may delay processing of your offer. Your offer will be returned to you if the good faith payment and the required forms are not properly submitted, or if your check is returned for insufficient funds.

Mail this agreement request and all attachments to:

Offer in Compromise Program
 Vermont Department of Taxes
 PO Box 429
 Montpelier, VT 05601-0429

***NOTE:** You must submit Form PA-1, Power of Attorney, if you want to authorize someone else to make decisions and act on your behalf regarding this offer.

SECTION 9 Acceptance or Denial of Offer in Compromise (completed by the Department after review of request)

Your request has been Accepted Denied

Signature of Authorized Representative	Date
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