WiggamLaw
TAX RESOLUTION ATTORNEYS

Demystifying the Offer in Compromise

Understanding the Frequently Misunderstood Tax Liability Solution

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Table of Content

Introduction

When the burden of a large tax debt seems insurmountable, and a tax professional tells you that there is a legitimate way to resolve your tax liabilities for potential pennies on the dollar, you might feel as though you've just been thrown a lifeline.

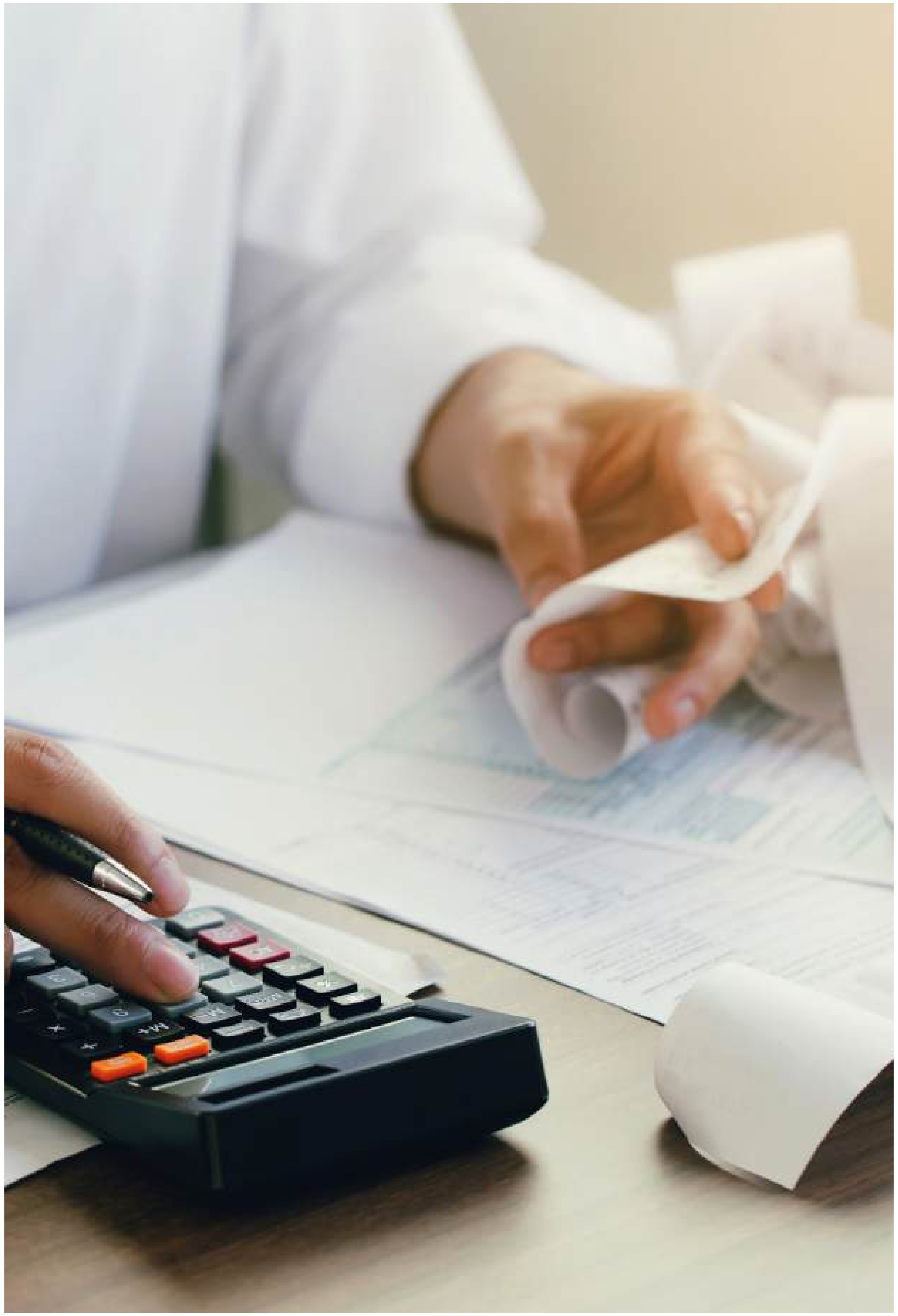
An Offer in Compromise (OIC) is one such way to significantly reduce your tax liabilities from an amount you cannot realistically pay to an amount you can. If you are researching this tax debt reduction strategy, it might sound very attractive as an alternative to other strategies, such as bankruptcy. However, some of the claims tax service providers make about it may sound too good to be true.

Is the promise of an Offer in Compromise too good to be true? There are many myths and misconceptions surrounding the OIC program, which can be used to reduce and eliminate tax burdens. Unfortunately, some less-than-scrupulous tax preparers use these myths and misconceptions to take advantage of people seeking relief from overwhelming tax liabilities.

In this white paper, the tax law experts at Wiggam Law will examine common misconceptions around the program and shed light on the truth about OICs, including:

- Who is eligible for an OIC, and how the IRS evaluates OICs
- How to apply for an OIC with step-by-step instructions
- The truth behind common OIC misconceptions
- How to avoid OIC scams and untrustworthy tax preparers

For most taxpayers facing hefty tax debts, there is usually a resolution option available to you—but is an Offer in Compromise the best strategy to pursue? Read on for an unbiased, critical look at Offers in Compromise with the IRS and discover if an OIC is truly the most effective way for you to lighten the burden of your tax debt and get your life back on track.



CHAPTER 1

What is an Offer in Compromise?

In simplest terms, an Offer in Compromise is a settlement you make with the IRS about the amount of back taxes you owe them.

For those facing a lofty amount of back taxes, whether they are personal income taxes or business taxes, an Offer in Compromise may be a good option. The taxpayer will be responsible for showing that they cannot realistically pay their tax debt in full without undue hardship and can present an offer amount that they believe they can reasonably pay. If the IRS accepts the terms of the compromise, the taxpayer pays only the amount they offered in exchange for the rest of their liabilities being erased.

In a best-case scenario, an Offer in Compromise can reduce a business owner's tax liabilities by one or even two orders of magnitude, especially when used in conjunction with other tax liability management strategies.

However, Offers in Compromise are not as simple as they appear. An OIC is a powerful tool for eliminating tax debt when it works. In some circumstances, it truly can significantly reduce a tax burden, possibly even to pennies on the dollar. Applying for an OIC with the IRS—and having that application accepted—is more challenging than most people assume, though, and the risks of failure (and potential consequences) are high. In the next chapter, we will unravel the complex eligibility criteria and examine what IRS agents look for when evaluating an application.

CHAPTER 2

Unraveling OIC Eligibility Criteria

Everybody with significant back taxes that seem impossible to pay in a reasonable timeframe wants to make an Offer in Compromise with the IRS. After all, who wouldn't want to settle their tax debt for less than they owe and be done with it? However, the defined parameters for eligibility, as well as the collectability analysis IRS agents use to decide whether or not a taxpayer's offer is acceptable, are quite complicated.

The Four Fundamental Criteria for OIC Eligibility

To qualify for an Offer in Compromise with the IRS, a taxpayer must meet the following criteria:

- You cannot be in an open bankruptcy proceeding
- You must have filed all required tax returns
- You must be current with your taxes–either having made all required estimated tax payments or have significant tax withholdings
- If you are self-employed with employees, you must have submitted all federal payroll tax deposits

Simply meeting these criteria is not enough, though. The IRS also has to determine whether the offer you put forward for what you can pay in lieu of the full amount truly is your best offer, which they determine using a collectability analysis. Like any creditor who is owed money, the IRS wants to be paid in full or as much as they can possibly recover from the debtor. The collectability analysis is the IRS's uniform method and formula for achieving this goal.

How the IRS Performs Its Collectability Analysis

In addition to meeting the above four fundamental criteria, a taxpayer's current financial situation, the value of their assets, their future earning potential, and the amount of their outstanding tax burdens all contribute to determining one's eligibility. If the IRS determines that your circumstances are such that they can reasonably expect to claw back the full amount of your owed taxes within the collection statute of limitations without an Offer in Compromise, they will almost certainly deny your application. The IRS collection statute of limitations is generally ten years and thirty days and starts to run when the first bill is issued by the IRS. This long timeframe makes it harder to qualify for an OIC.

A collectability analysis is an assessment performed by the IRS to determine a taxpayer's ability to pay their tax debt. It includes a hypothetical calculation of how much the IRS could claw back if they took every legal action against you to satisfy your tax liabilities.

This analysis is crucial in evaluating whether an OIC is an appropriate solution for settling a tax liability. The IRS conducts this analysis to ensure that the offer reflects the most they can reasonably expect to receive from a taxpayer in lieu of the total amount.

The collectability analysis works as follows:

Financial Analysis

The IRS begins by examining the taxpayer's financial situation in detail. This involves reviewing your income, expenses, asset equity, and liabilities.

Income Evaluation

The IRS assesses all sources of the taxpayer's income, including wages, self-employment income, rental income, investment income, and any other sources, to determine what you can realistically pay per month. They compare your current income to the income you earned in prior years to estimate your future earning potential. Self-employed income is generally averaged over a three-year period instead of using current-year analysis. The IRS recognizes that self-employed earnings are volatile and uses averages to account for that.

Allowable Expenses

The IRS determines which expenses are necessary for your basic living needs. These allowable expenses include food, housing, utilities, transportation, health care, taxes, and any other costs that are necessary for you to earn income or are for the health and welfare of your family. Only certain expenses are considered necessary, and the IRS uses national and local standards to set limits on the amounts that can be claimed for these expenses. These national and local standards are almost always going to be lower than you actually spend, which causes the amount the IRS believes you can afford to repay them to be higher than you probably anticipate.

Asset Analysis

The IRS evaluates your assets, such as bank accounts, real property, vehicles, and other personal property. The analysis considers the equity in these assets, which is the value of the asset minus any debt secured by the asset. The IRS also determines whether assets can be liquidated to contribute toward the tax debt.

Assets within the scope of the assessment may include:

- All checking and savings account balances, as well as money market accounts and certificates of deposit
- Stocks, bonds, mutual funds, and other investment accounts
- Any real estate owned by the taxpayer, including primary residences, vacation homes, and investment properties
- Cars, trucks, motorcycles, and boats owned by the taxpayer
- The cash surrender value of life insurance policies (typically whole life policies)
- Furniture, jewelry, artwork, and other personal items, if they hold significant value
- Business assets such as equipment, inventory, accounts receivable, and company vehicles
- The net value of retirement accounts, after accounting for taxes and early withdrawal penalties

By adding up all assets that can be liquidated and weighing the costs of pursuing actions such as levies and liens, the IRS evaluates how much of your tax debt seizing these assets could erase.

If the thought of figuring out all these asset values by yourself to determine if you are a good candidate for an OIC is overwhelming, you're not alone. Consulting a tax professional or a tax attorney to help you evaluate your assets will ensure you don't miss any vital information when calculating your own offer.

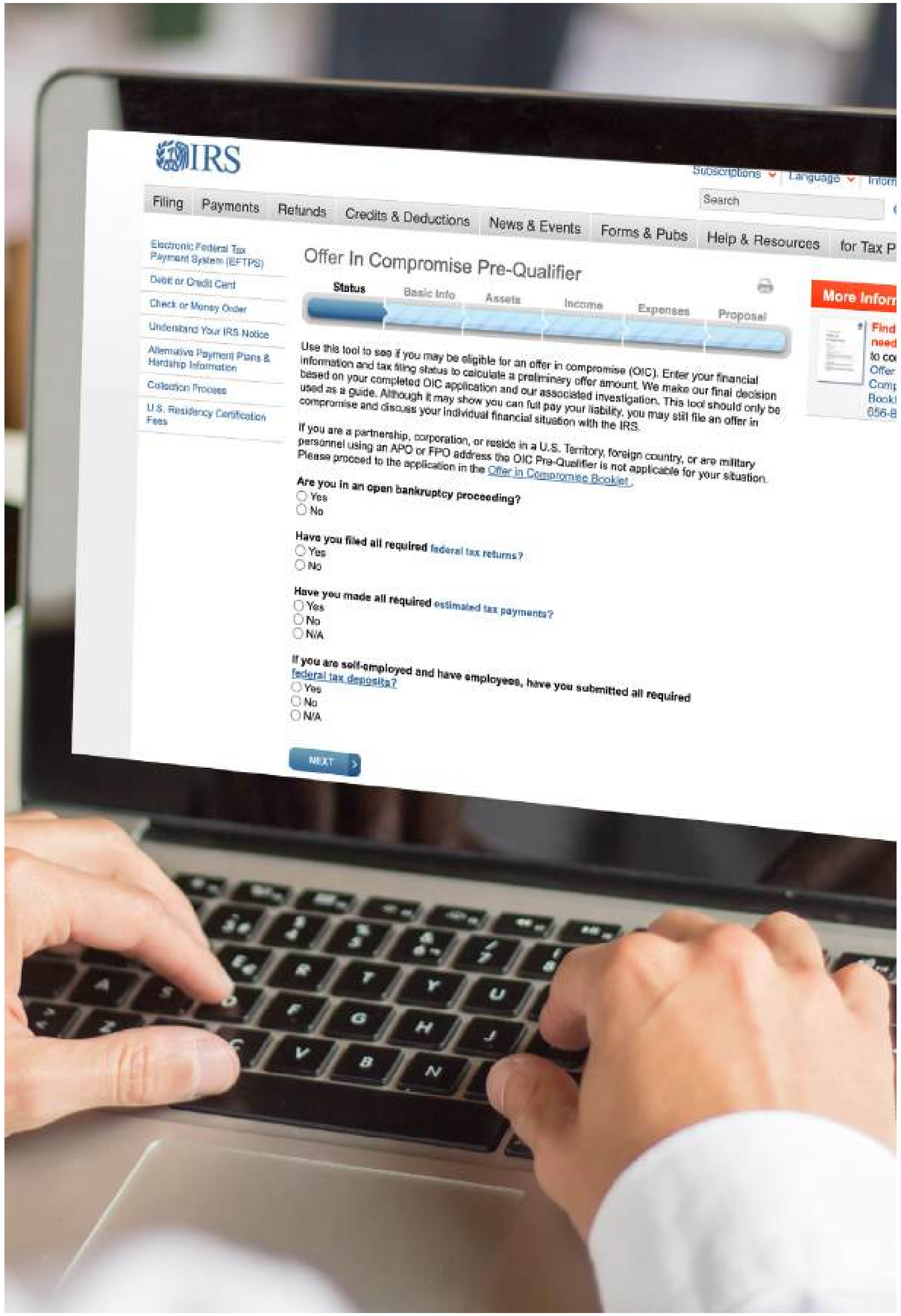
Determining Reasonable Collection Potential

After evaluating income, expenses, and assets, the IRS determines the Reasonable Collection Potential (RCP). The RCP is an estimate of the amount the IRS believes the taxpayer can realistically pay over a reasonable period, typically looking at a timeframe of the remaining statutory period for collection.

The RCP includes both the quick sale value of assets (typically 80% of the fair market value) and the amount that could be collected per month when considering your future monthly income less monthly allowable living expenses over twelve or twenty-four months.

Special Considerations

The IRS may also consider factors such as age, health, current employment status, and future earning potential, which could affect your financial situation. Any special circumstances that would cause economic hardship if the IRS were to enforce the collection of the full amount owed might also be taken into account.



How to Use the IRS OIC Pre-Qualifier Tool

To help you understand if you meet the eligibility criteria for an Offer in Compromise, the IRS maintains an online form that helps taxpayers understand whether or not applying for an OIC is the best solution for reducing your tax burdens.

The OIC Pre-Qualifier tool provides a set of questions to walk you through the eligibility criteria discussed above. This will help you gather relevant financial information such as bank account and retirement account balances and the values of assets such as property, vehicles, equity, and investments, and use asset, income, and expense data to determine your potential eligibility for an OIC.

If the pre-qualifier finds that you may be eligible, it will suggest terms and offer amounts that would satisfy your tax obligations in lieu of paying the full amount. If it finds that you are unlikely to be eligible, it will instead suggest alternative methods that are more likely to help reduce your tax burden.

The OIC Pre-Qualifier tool can be found on the official IRS website. Note that the pre-qualifier is not equivalent to a formal application, which is much more thorough and takes months, or even up to a year, for the IRS to evaluate. It is also only a guide and does not guarantee eligibility. The Pre-Qualifier also does not take all factors into consideration and can overstate your potential OIC amount.

The OIC Pre-Qualifier is a useful tool to explore if you are curious about how helpful an OIC would be to you. If you have used it to determine your likelihood of eligibility and are interested in moving along with the formal application process, forge ahead to the next chapter:

CHAPTER 3

A Step-By-Step Look at the OIC Application Process

The OIC application involves significant investments of time and effort into gathering relevant documents and extensively detailing your financial situation, including assets and expenses, to prove that your tax liability is an undue burden and that the IRS will be unable to collect the full amount from you. It is a long and exhaustive process to undergo, not including the time taken by the IRS to evaluate your offer and choose whether or not to accept it.

The steps to submitting an Offer in Compromise to the IRS are as follows:

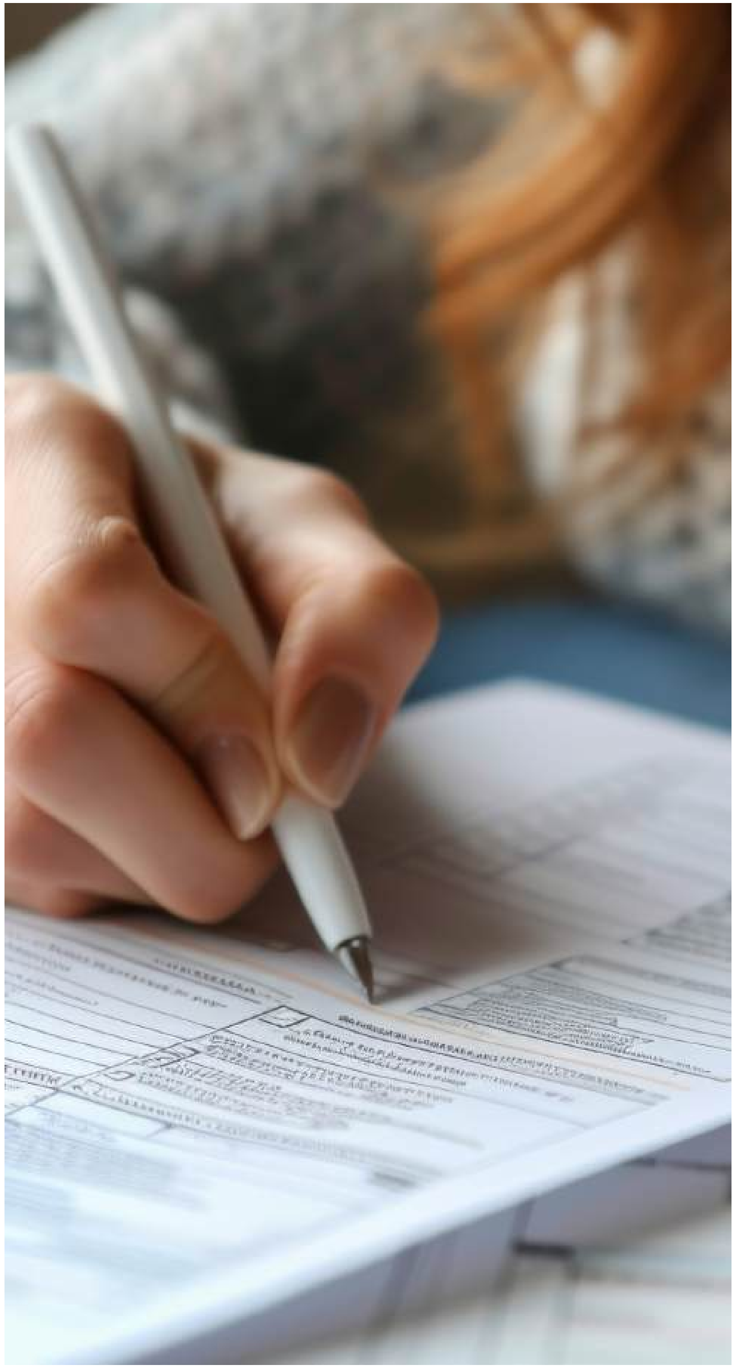
Step 1: Gather information regarding your financial situation.

As discussed in the previous chapter, you will need to collect extensive information on your finances, assets, and expenses over the past 3 to 6 months.

This includes information on:

- Cash on hand
- Investments
- Available credit
- Assets
- Income
- Debt
- Household gross monthly income
- Household expenses, including rent, utilities, and groceries*
- Other necessary expenses such as taxes, healthcare, and transportation

* Household expenses do not include school tuition, college expenses, charitable contributions, or other unsecured debt payments.



Step 2: Fill Out IRS Form 433-A and/or Form 433-B.

Using the information gathered in the first step, you will need to fill out the following form:

Form 433-A (OIC): Collection Information Statement for Wage Earners and Self-Employed Individuals

If you are a business owner with tax liabilities associated with said business and said business is not a sole proprietorship, you will also need to fill out a separate form along with Form 433-A:

Form 433-B (OIC): Collection Information Statement for Businesses

These forms collect the following information:

Form 433-A:

- Personal and Household Information (433-A)
- Employment Information for Wage Earners (433-A)
- Personal Asset Information (Domestic and Foreign)
- Self-Employed Information
- Business Asset Information (for Self-Employed) (Domestic and Foreign)
- Business Income and Expense Information (for Self-Employed)
- Monthly Household Income and Expense Information
- Minimum Offer Amount Calculation

Form 433-B:

- Business Information (Domestic and Foreign)
- Business Asset Information (Domestic and Foreign)
- Business Income Information
- Business Expense Information
- Minimum Offer Amount Calculation

Step 3: Attach all required supporting documentation.

Along with your Form(s) 433, you will need to include copies of all of the supporting documents you gathered in Step 1 that corroborate the information you provided. **Do not send any original documents.**

The checklist at the end of each form provides a complete list of necessary documents, which include:

Form 433-A:

- 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.
- Copies of individual complete bank statements for the three most recent months.
- 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 Accounts Receivable or Notes Receivable, if applicable.
- Verification of delinquent state/local tax liability shows total delinquent state/local taxes and monthly payment amounts, if applicable.
- Copies of court orders for child support/alimony payments claimed in the monthly expense section.

Form 433-B:

- A current Profit and Loss statement covering at least the most recent 6–12 month period, if appropriate.
- Copies of the six most recent complete bank statements for each business account and copies of the three most recent statements for each investment account.
- If an asset is used as collateral on a loan, include copies of the most recent statement from lender(s) on loans, monthly payments, loan payoffs, and balances.
- Copies of the most recent statement of outstanding accounts and notes receivable.
- Copies of the most recent statements from lenders on loans, mortgages (including second mortgages), monthly payments, loan payoffs, and balances.

Step 4: Fill out IRS Form 656.

IRS Form 656 – Offer in Compromise is the primary Offer in Compromise document, to be filled out after completing your Form(s) 433. In this document, you identify the tax year or years you intend to compromise and present your proposed offer based on your calculated Reasonable Collection Potential.

In this document, you also must detail your choice of payment terms and, if needed, explain any further special circumstances. Documentation supporting your special circumstances must be included with your Form(s) 433.

Step 5: Include your application fee and initial payment.

Along with Form 656, you will also need to include payment for the $205 application fee and your initial payment for your proposed amount in the form of a personal check, cashier's check, money order, or through the Electronic Federal Tax Payment System. The initial payment is generally 20% of your proposed offer amount. The Form 656 explains how to calculate the initial payment.

Both payments are payable to the United States Treasury. The initial payment will be applied to your tax debt if your OIC is accepted or can be applied as a deposit against your future taxes. However, it will not be refunded if your offer is rejected, nor will the application fee.

Step 6: Mail your application.

Make copies of your entire application package—including all forms and attached documents—for your own financial records, then mail the completed package to your state's IRS processing office. It is recommended to send the package by Certified Mail so that you can have a record of the date it was mailed.

As you can see, the OIC application process is long and complex, and in a process so involved, it's easy to miss important steps or details. In the next chapter, we will examine common mistakes people make in their OIC applications and provide tips on how to avoid them.

CHAPTER 4

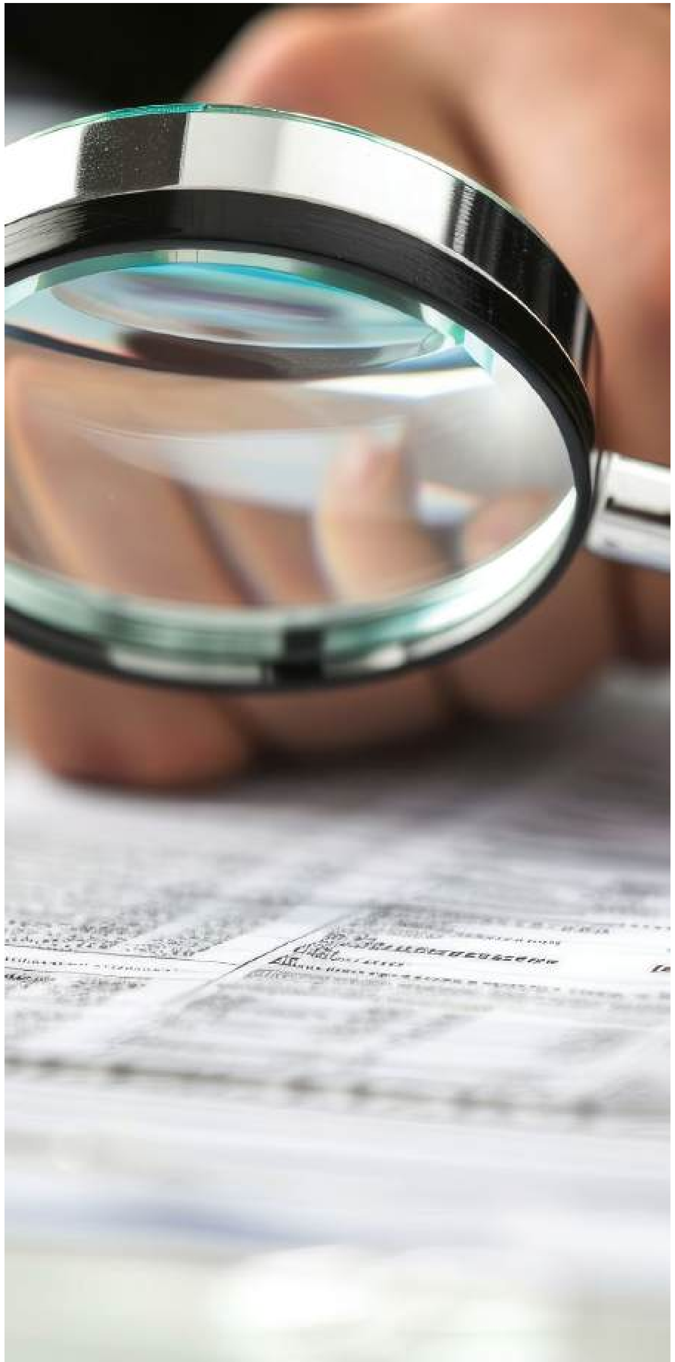
Common OIC Pitfalls and How to Avoid Them

The process of applying for an Offer in Compromise is highly intricate and involves demanding a thorough examination of your financial circumstances to justify the offer made in order to reduce your tax liabilities. With such a complex process, it's very easy to make a mistake. In this chapter, we will look at three of the most common pitfalls taxpayers run into when applying for an OIC and how to avoid them.

Pitfall 1: Inaccuracies and Errors in the OIC Application

Several of the most common errors taxpayers make in applying for an OIC include:

1. Not completely or accurately filling out forms like IRS Form 656 (Offer in Compromise application), Form 433-A (Collection Information Statement for Wage Earners and Self-Employed Individuals), or 433-B (Collection Information Statement for Businesses) can lead to automatic rejection.
2. Miscalculating the offer amount. Applicants must make an offer that the IRS will find reasonable by calculating their Reasonable Collection Potential. If you underestimate the value of your assets or overestimate allowable expenses, the IRS is likely to reject your offer.
3. Failing to stay compliant with tax filings and payments during the OIC process. A taxpayer currently making monthly payments to satisfy back taxes or penalties must continue to make payments on time during the entire process, no matter how long it takes—which can be up to a year.
4. Failing to pay the application fee and initial payment, which must accompany the submission of Form 656.



To avoid these errors:

- Double-check all forms for accuracy and completeness.
- Use the pre-qualifier tool on the IRS website to help estimate an appropriate offer based on your financial information.
- Ensure all tax filings are up to date before applying.
- Understand the payment requirements and ensure they are met when submitting the application.

Pitfall 2: Missteps During the Financial Disclosure Process

Financial disclosure provides its own share of challenges in the Offer in Compromise process, and the mistakes most likely to trip up applicants include:

- Underreporting assets or income. Some applicants will underreport by mistake or may intentionally underreport to appear less capable of paying their tax debt in full. The latter can have severe consequences, the least of which include the rejection of the OIC.
- Overstating or including non-allowable expenses in an attempt to reduce the calculated RCP is another common issue. This can also lead to the offer being rejected.

To avoid these mistakes:

- Provide a full and accurate disclosure of your financial situation. Seek help from professional tax preparers to ensure all information is reported correctly. While it is possible to average self-employed income across several years instead of reporting current-year income, this should be done carefully and with professional help to prevent the IRS from thinking you underreported your future income.
- Adhere strictly to IRS guidelines for allowable expenses and ensure your claims are justifiable.

Pitfall 3: Mishandling IRS Requests for Additional Information

Often, while a taxpayer's OIC application is in review, the IRS will request additional documentation in order to reach a more accurate conclusion and make an informed decision. When this happens, two things often go wrong:

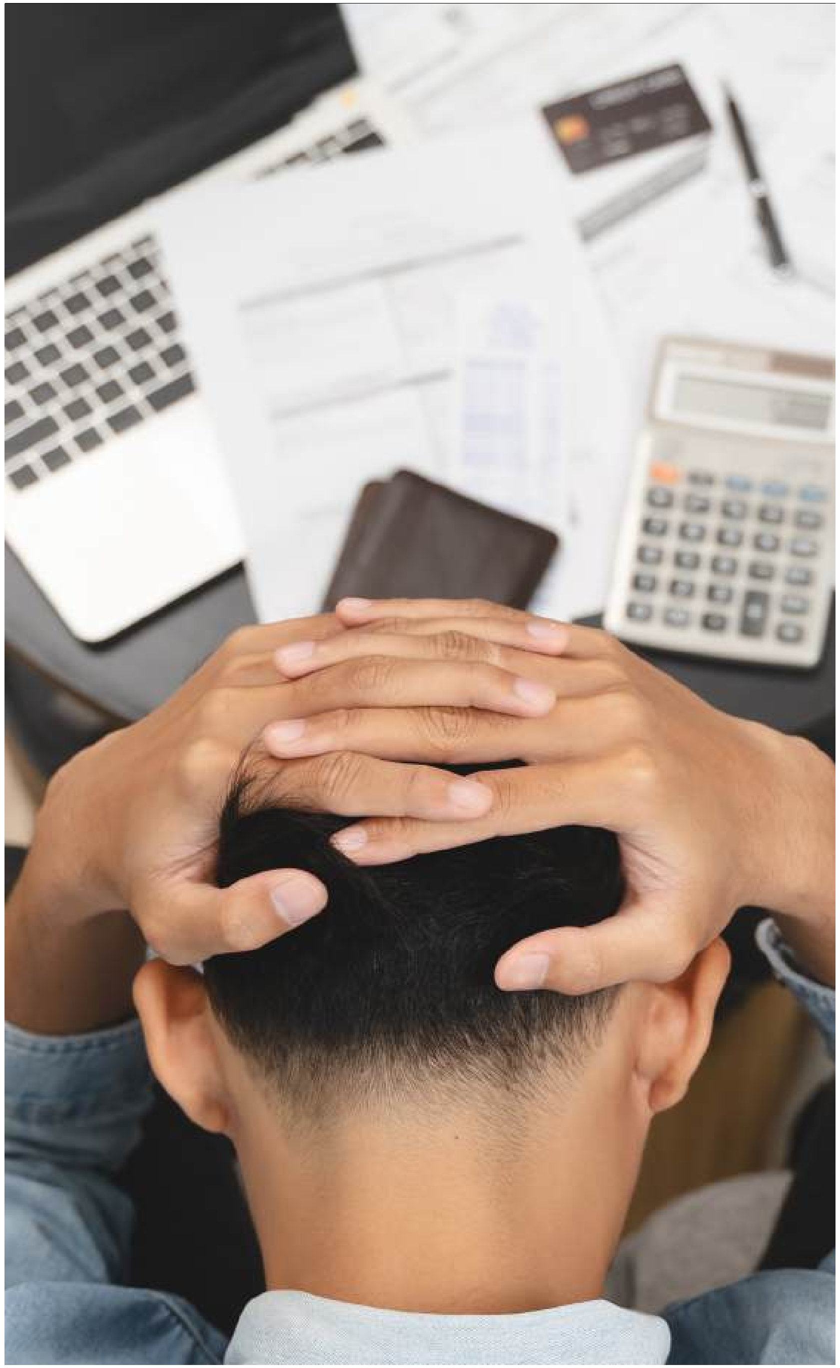
- Failing to respond promptly or fully to an IRS request which can lead to the Offer in Compromise being rejected.
- Failing to provide requested financial transaction and tax documents due to a lack of good record-keeping. If you do not have the documentation the IRS believes it needs to evaluate your circumstances most accurately, your application will likely be rejected.

To properly handle these requests:

- Always respond promptly to IRS communications. If you need more time to gather information, inform the IRS immediately and request an extension if possible.
- Always strive to maintain organized financial records and tax documents. This preparation makes it easier to respond accurately to IRS requests in a timely manner.

By addressing these common errors and missteps and handling requirements correctly, applicants can increase their chances of successfully negotiating an Offer in Compromise with the IRS. This approach not only streamlines the application process but also demonstrates good faith and compliance with IRS regulations, which can improve your chances of a favorable outcome.

Now that we've discussed in detail the eligibility requirements, application process, and mistakes to avoid making in pursuing an Offer in Compromise with the IRS, let's dive deeper into debunking some of the persistent myths surrounding OICs.



CHAPTER 5

Offer in Compromise: The Myths and the Facts

An Offer in Compromise with the IRS often sounds too good to be true—a legitimate, IRS-approved way to lower an insurmountable tax debt to pennies on the dollar—and while an OIC is certainly a valid option for taxpayers who are in the position where they have no hope of satisfying their full tax liability, many of the promises made about it by tax resolution companies on television and the radio are overblown.

Let's take a look at some of the myths surrounding the OIC, as well as the facts:

The Myth: It's easy to apply for an Offer in Compromise.

The Facts: Offers in Compromise are incredibly complex, requiring taxpayers and preparers to collect and compile over three to six months of rigorous documentation. Putting together an OIC doesn't come cheap, either, if you turn to a professional for help—the long hours it takes to compile these documents and ensure they are meticulously and accurately filled out translates into high costs for a professional tax preparer's service.

The Myth: You can settle your tax debt for penalties on the dollar.

The Facts: While it's certainly possible to reduce your tax debt to a small amount, it is far from the most likely outcome of an Offer in Compromise, assuming the OIC is accepted at all. The truth is that the agency calculates reasonable collection potential carefully, and only those who truly cannot pay are eligible for such significant reductions.

In other words, to settle your tax debt for pennies on the dollar, you have to legitimately be in a situation in which you can only afford to pay pennies on the dollar. If you wish to reduce your tax burden by that much, but your potential offer amount exceeds it, you will have to look at other legitimate strategies for reducing tax liabilities. Other strategies to reduce your tax liability include entering into a partial pay payment plan and waiting out the collection statute of limitations, filing for bankruptcy, or asking for an abatement of penalties.

The Myth: There are no consequences for applying for an Offer in Compromise and being rejected.

The Facts: If your Offer in Compromise application is rejected, there are consequences that can have serious impacts on your current tax liability situation. For starters, you won't be refunded the application fee or initial offer payment for your submission. The statute of limitations for your tax liability will also be extended by the period of time it took the evaluation to proceed, plus thirty days thereafter, plus any time spent on an appeal, as the clock was "frozen" during the evaluation process. This means that the IRS will have significantly longer to collect your tax liability.

Other potential consequences include:

- Financial disclosures made in your application may invite further IRS scrutiny, potentially enabling the IRS to pursue other collection actions more effectively.
- During the period when the OIC is being evaluated, penalties and interest continue to accrue on the outstanding tax debt. If the OIC is not accepted, the full amount owed can be increased.
- After an OIC is rejected, the IRS may proceed with collection actions such as placing liens on property or levying accounts if no alternative payment arrangement is made.
- The process of applying for an OIC can be lengthy and stressful, and rejection can exacerbate that stress, especially if significant hopes and financial planning were pinned on the acceptance of the offer.

Success also does not immediately leave you off the hook. If your OIC is accepted, but you fail to timely file any required tax returns or make any tax repayments during the next five years, the IRS will default your offer, and you will owe the entire original tax debt once again, plus accrued penalties and interests.

The Myth: Practically anyone with significant tax liabilities is eligible for an Offer in Compromise.

The Facts: Tax resolution companies sometimes overpromise with OICs by claiming that anybody can use it to easily settle their tax debt for far less than they owe. However, the reality is that the eligibility requirements for an OIC are especially narrow, as discussed in previous chapters—which brings us to our next myth:

The Myth: The acceptance rate for OICs by the IRS is high.

The Facts: Counter to what you might have heard from tax preparers promoting Offers in Compromise as a dream come true, most OICs are not accepted, according to IRS internal data. In fact, OICs have a 42% acceptance rate on average.

The Myth: An Offer in Compromise is your best option for resolving substantial tax burdens.

The Facts: With narrow eligibility criteria and a complex submission process, OICs, while genuinely useful for taxpayers in specific situations, are far from the average person's best or only option for getting out from under the weight of their tax liabilities.

For most people, better options for reducing the amount of back taxes they must pay to the IRS include:

- Applying for a penalty abatement waiver
- Negotiating a partial pay installment agreement that allows one to have the rest of one's tax liabilities forgiven after the statute of limitations (typically 10 years) runs out
- Filing for bankruptcy

Despite the stigma and sense of shame surrounding bankruptcy, it is often a far more effective way of reducing one's business tax liabilities with less severe potential consequences than if the IRS rejects your application for an Offer in Compromise.

CHAPTER 6

How to Avoid Offer in Compromise Scams

Many taxpayers struggling with six-figure or higher tax liabilities find themselves and their desperation taken advantage of by less-than-scrupulous tax resolution companies who promulgate the myths discussed in the previous chapter. Unfortunately, OIC scammers can take home a hefty paycheck built on a foundation of empty promises and false hope and provide nothing in return.

Common scams involving Offers in Compromise include:

Phantom Help Scams

Scammers promise to negotiate an OIC with the IRS for a substantial fee. However, they either do not submit any paperwork or use incorrect or fraudulent information, which leads to the IRS rejecting the OIC and can potentially cause other problems for the taxpayer.

Upfront Fee Fraud

Unethical companies may demand high upfront fees to start working on an OIC but provide little to no service afterward. They might also disappear after collecting the fees, providing no further assistance or updates.

Misleading Success Rates

Scammers often lure clients by claiming incredibly high success rates for OIC approvals. These claims are usually unsupported by data and are meant to promote false hope and trust.

Spotting OIC Preparer Red Flags

When searching for a tax preparer who can help you apply for an Offer in Compromise, avoiding these red flags can help you choose a reputable tax professional who will give you your best odds of success—or steer you toward a better option:

High-Pressure Sales Tactics

Beware of preparers who pressure you to sign up for their services immediately, especially if they haven't reviewed your financial situation in detail.

Unreasonable Claims

Unscrupulous tax service providers and scam artists are likely to promote the myths discussed in the previous chapter, such as promising to settle for pennies on the dollar or claiming guaranteed acceptance of your OIC.

Lack of Transparency

Be cautious of firms that are unclear about their fees and processes or do not provide a detailed contract outlining the services to be provided.

Lack of Credentials

Always check the credentials of the tax professional. Unqualified individuals may lack the knowledge or authorization to negotiate effectively with the IRS.

A reputable professional will be honest about your chances of success and clear about the fees and the process involved. They should provide a realistic assessment rather than promising guaranteed outcomes. To ensure you choose a reputable tax preparer to help you with an Offer in Compromise, look into the following:

- Ensure that the professional is a Certified Public Accountant (CPA), Enrolled Agent (EA), or a Tax Attorney with experience in tax resolution.
- Look for reviews, testimonials, and case studies that demonstrate the professional's success and approach with previous clients.
- Ask potential preparers detailed questions about their experience with OICs, their approach to handling cases similar to yours, and their expectations about your case.

CHAPTER 7

OIC Success Stories

It's important to note that just because an IRS Offer in Compromise isn't the silver bullet some less scrupulous preparers make it out to be doesn't mean it doesn't have its own advantages and use cases—if it didn't, the rate of acceptance for OICs by the IRS would be significantly lower than the 42% it was in 2023!

Some of our OIC success stories include:

- **$641,008** saved when a client who was charged a $646,008 excise tax under North Carolina's Unauthorized Substance Act filed an OIC with the North Carolina Department of Revenue
- **$99,131** saved when a woman was assessed $99,851 in unpaid sales taxes related to her ex-husband's business by the Georgia Department of Revenue
- $542,852 saved when a business owner who did not file income tax or C corp tax returns from 2006 to 2012 was assessed $609,175 in unpaid taxes and a fraud penalty of $56,783 through a combination of IRS OIC, contested audit assessments, and negotiating to remove the fraud penalty
- $17,222 saved through an Offer in Compromise and over $100,000 saved through Chapter 7 bankruptcy for a self-employed marketing consultant who owed more than $100,000 of unsecured business debt and $170,000 of income taxes
- $210,000 saved when a self-employed individual had accumulated a combined federal and Georgia income tax liability of over $210,000

It should be noted that many of our success stories involve dealing with state revenue departments, not the IRS—while the process is similar, state Offer in Compromise programs may be less complex than IRS OICs. However, not all states offer their own OIC equivalents. In many of these stories, we also used OICs in combination with other strategies to reduce their tax burdens, such as negotiating with the IRS, contesting audit assessments, or filing for bankruptcy.

At Wiggam Law, over nine in ten of the OICs we submit are accepted, compared to roughly four in ten nationwide—but that is only because we are judicious in our approach and only file OICs that are truly the best option for a client. The vast majority of people who come to us seeking help with an OIC discover, with our help, that there are far better options they can choose that are more likely to succeed at reducing or eliminating their tax burdens.

CONCLUSION

Wiggam Law: Lightening the Burdens of Tax Liability

We hope this eBook has helped you better understand the IRS Offer in Compromise—a potentially useful strategy for reducing large tax burdens that, in our experience and in our client's experience, is often far from the best or most sure-fire way to get out from under the looming shadow of significant tax debts.

Contrary to popular belief, while tax troubles can befall anybody, Offers in Compromise are most useful only to a minority of people facing large tax liabilities, and the consequences of choosing an inappropriate method to lighten tax burdens can make them weigh even heavier on you.

At Wiggam Law, we are dedicated to finding and pursuing the best outcomes for our clients to resolve their tax issues and get their lives back on track. Sometimes, that means filling out the forms for an Offer in Compromise and supporting our clients through the application process. Often, though, it means pursuing alternative methods that are more likely to succeed.

Founded by Jason Wiggam, Wiggam Law is here to tackle the tough tax law cases no one else wants to take. Whatever strategy is most appropriate, we bring unmatched tax law expertise, a compassionate and empathetic bedside manner, and a willingness to negotiate with the IRS to each of our client's unique situations so they can get their lives back on track.

To discuss your options for tax relief, contact us by phone at (404) 233-9800 or via our website today.

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