Form OIC I-2 *Virginia Department of Taxation*

INDIVIDUAL OFFER IN COMPROMISE: PENALTY WAIVER / DOUBTFUL LIABILITY

DO NOT USE THIS FORM IF YOU ARE SEEKING RELIEF DUE TO FINANCIAL HARDSHIP.

Use Form OIC I-3, Individual Offer in Compromise: Doubtful Collectibility.

Please read the instructions carefully before completing this form.

Name(s) _____

Address _____

_____

Email Address _____

Daytime Telephone Number(s) _____

Social Security Number(s) _____

I/We submit this offer to settle the assessment(s) on the basis of (complete all fields that apply):

- ☐ Request for Innocent Spouse Relief. Attach a detailed explanation.
- ☐ Request for waiver of penalty. Attach a detailed explanation.
- ☐ Doubtful liability. Attach a detailed explanation.

☐ Individual Income for the taxable year(s) _____

☐ Fiduciary Income for the taxable year(s) _____

☐ Taxes converted from a business

I/We offer to pay a total of $_____

- ☐ Full Payment within _____ days of acceptance of the offer
- ☐ Payments of $_____ a month for _____ months
- ☐ Other _____

I/We hereby grant the power of attorney to act for me/us with respect to this offer in compromise to:

Name _____

Address _____

_____

Telephone Number _____ Fax Number _____

Under penalties of law, the undersigned declare that this offer, including accompanying schedules and statements, is true, accurate and complete, and grant authorization to verify any financial data by use of a credit report.

Signature(s) of Taxpayer(s) _____ Date _____

_____ Date _____

Signature of Representative/Power of Attorney _____ Date _____

Attach all required documentation – see instructions

Instructions and Conditions for Filing an Offer in Compromise

What is an offer in compromise? An offer in compromise is a request to settle an assessment of tax, penalty, and/or interest for less than the amount assessed. Section 58.1-105 of the *Code of Virginia* allows the Tax Commissioner to settle an assessment through an offer in compromise under certain circumstances, such as extenuating circumstances that prevented timely filing or payment, or in cases where an individual can demonstrate that he or she is not liable for the amounts assessed.

DO NOT USE THIS FORM IF YOU ARE SEEKING RELIEF BECAUSE OF FINANCIAL HARDSHIP. Use Form OIC I-3, Individual Offer in Compromise: Doubtful Collectibility, available on our website at **www.tax.virginia.gov**.

DO NOT FILE AN OFFER IN COMPROMISE IF YOUR BILL IS INCORRECT, unless you are disputing a point of law. For routine matters, such as contesting late filing or verifying a payment, contact the Office of Customer Services at: (804) 367-8031 or P.O. Box 1115, Richmond, VA 23218-1115.

If you believe the assessment is erroneous based on an improper application of the law (as opposed to an administrative error), you may file an administrative appeal pursuant to Sec. 58.1-1821. See Title 23 of the Virginia Administrative Code 10-20-165 and the *Virginia Taxpayer Bill of Rights* for specific requirements and time limitations for filing an appeal.

- You are not required to make a payment with your offer. If a check is submitted with the offer, it will be deposited upon receipt. **Depositing the check does not mean that the offer has been accepted.**
- You must include a detailed explanation with your offer in compromise. For a request for waiver of penalty, explain the circumstances that prevented timely filing and/or payment and provide copies of supporting documentation of special circumstances, such as medical conditions, death of a responsible party, etc. For doubtful liability, explain your position and provide supporting documentation, such as applicable provisions of the law, or previous rulings of the Tax Commissioner under similar circumstances.
- **Waiver of penalty.** The Department of Taxation generally will not consider a request for waiver of penalty in cases where the late filing or late payment was caused by the negligence or error of a professional tax preparer. In addition, a good filing history is not a basis for waiver of penalty in and of itself.
- **Innocent Spouse Relief.** If you are making an innocent spouse claim, you need to furnish a detailed explanation of your circumstances, as well as the IRS final determination letter for your corresponding federal liability (if applicable).
- **Waiver of interest.** The Department of Taxation generally will not waive interest charges associated with a tax liability unless the taxpayer can prove that doubtful liability or doubtful collectibility exists with respect to the assessment(s).
- Your attorney, tax preparer, or other representative can submit an offer in compromise on your behalf. Both you and your representative must sign the submitted form.
- You will receive a written response to inform you whether your offer has been accepted as offered, accepted with changes, or denied. You must comply with the terms of acceptance, or the acceptance will be voided. Although there is no right of appeal in the offer in compromise process, in the case of a denial you may submit additional information for reconsideration.

Required Documentation:

Failure to submit the required documentation may result in automatic denial of the OIC.

- A letter of circumstance providing a complete explanation of the basis for the offer in compromise. The letter should include, if applicable, a detailed explanation of what caused the error and the steps taken to ensure the error does not happen again.
- Documentation to support claims of illness, injury, or other medical conditions related to the request for relief.
- Documentation to support claims of extenuating circumstances, such as death, divorce, criminal activity, or other legal actions related to the request for relief.
- Documentation, such as an IRS final determination letter, to support a claim of innocent spouse.

Mail the completed form and attachments to:

Tax Commissioner
Offer in Compromise
Virginia Department of Taxation
P.O. Box 2475
Richmond, VA 23218-2475