

Offer In Compromise Instruction Booklet



*State of North Carolina
Department of Revenue*

Help Preparing an Offer In Compromise

- This Booklet provides instructions for taxpayers preparing an Offer In Compromise.
- Additional instructions and web-fill versions of forms are available on the Department's website at www.ncdor.gov.
- Contact a Customer Service agent at 1-877-252-3052 for assistance with specific questions.

What is an Offer in Compromise?

The North Carolina Offer In Compromise program allows qualifying, financially distressed taxpayers the opportunity to put overwhelming tax liabilities behind them by paying a lump sum amount in exchange for the liability being settled in full. The law provides specific requirements for accepting an offer. The goal of the Offer In Compromise program is to resolve a liability in a manner that is in the best interest of both the State and the taxpayer.

You are required to provide reasonable documentation, as outlined below, with your request for an Offer In Compromise.

An offer will not be considered if it is determined that the offer was filed for the

purpose of delaying collection or otherwise jeopardizing the Department's ability to collect the tax debt.

Forced collection actions, such as garnishments, in effect at the time you submit your offer, will not automatically be suspended during the review period. Interest and penalty will continue to accrue on any unpaid tax debt while the offer is being considered.

This booklet provides the basic instructions, forms and other materials you will need to submit a request for an Offer In Compromise.

If you have questions, or need additional assistance, please contact the Department at 1-877-252-3052 or visit our website at: www.ncdor.gov.

Contents

Statutory Basis for an Offer in Compromise and Basic Qualifications	2
What Do I Send with My Offer?	3
Determining the Amount of Your Offer & Required Down Payment	4
How Does the Department Calculate the RCP?	4
Does Offering the RCP Guarantee Acceptance of My Offer?	5
Will Offers for My Interest Only in a Joint Income Tax Liability Be Considered?	5
What Happens After My Offer Is Submitted?	6
Will Collection Actions Stop?	6
If Your Offer Is Accepted	6
If Your Offer Is Denied	6
OIC Checklist	7
Form OIC-100 Offer In Compromise	8-9
Form OIC 101-A for Individuals: Calculating the RCP and Down Payment - Individuals	10
Form OIC 101-B for Businesses: Calculating the RCP and Down Payment - Business Entities	11
Form OIC 101-C for Self-Employed Individuals: Calculating the RCP and Down Payment - Self-Employed Individuals & Proprietorships	12
Form OIC-102 Third Party Affirmation	13

Statutory Basis for an Offer in Compromise

NC General Statute 105-237.1 provides the authority for the Secretary of Revenue to entertain an offer in compromise:

§ 105-237.1. Compromise of liability.

a) Authority. – The Secretary may compromise a taxpayer's liability for a tax that is collectible under NC G.S. 105-241.22 when the Secretary determines that the compromise is in the best interest of the State and makes one or more of the following findings:



- 1) There is a reasonable doubt as to the amount of the liability of the taxpayer under the law and the facts.
- 2) The taxpayer is insolvent and the Secretary probably could not otherwise collect an amount equal to or in excess of the amount offered in compromise. A taxpayer is considered insolvent only in one of the following circumstances:
 - a. It is plain and indisputable that the taxpayer is clearly insolvent and will remain so in the reasonable future.
 - b. The taxpayer has been determined to be insolvent in a judicial proceeding.
- 3) Collection of a greater amount than that offered in compromise is improbable, and the funds or a substantial portion of the funds offered in the settlement come from sources from which the Secretary could not otherwise collect.
- 4) A federal tax assessment arising out of the same facts has been compromised with the federal government on the same or a similar basis as that proposed to the State and the Secretary could probably not collect an amount equal to or in excess of that offered in compromise.
- 5) Collection of a greater amount than that offered in compromise would produce an unjust result under the circumstances.
- 6) The taxpayer is a retailer or a person under Article 5 of this Chapter; the assessment is for sales or use tax the retailer failed to collect or the person failed to pay on an item taxable under G.S. 105-164.4(a)(10) through (a)(15), and the retailer or person made a good-faith effort to comply with the sales and use tax laws. This subdivision expires for assessments issued after July 1, 2020.
- 7) The assessment is for sales tax the taxpayer failed to collect or use tax the taxpayer failed to pay as a result of the change in the definition of retailer or the sales tax base expansion to (i) service contracts, (ii) repair, maintenance, and installation services, or (iii) sales transactions for a person in retail trade. The Secretary must determine that the taxpayer made a good-faith effort to comply with the sales and use tax laws. This subdivision applies to assessments for any reporting period beginning March 1, 2016, and ending December 31, 2022.

b) Written Statement - When the Secretary compromises a tax liability under this section and the amount of the liability is at least one thousand dollars (\$1,000), the Secretary must make a written statement that sets out the amount of the liability, the amount accepted under the compromise, a summary of the facts concerning the liability, and the findings on which the compromise is based. The Secretary must sign the statement and keep a record of the statement. If the compromise settles a dispute that is in litigation, the Secretary must obtain the approval of the Attorney General before accepting the compromise, and the Attorney General must sign the statement describing the compromise.

Step 1

Basic Qualifications

1. The period is collectible under NC G.S. 105-241.22.
2. You have filed all tax returns and reports as required by statute.
3. You are not the subject of an open or active bankruptcy case.
4. You are not the subject of an open or active North Carolina Department of Revenue criminal investigation.

What Do I Send with My Offer?

Step 2

See page 7

[OIC Checklist](#).

Keep Copies!

You should make copies of all documents submitted to the Department for your records.

Do not send original copies with your offer in compromise to the Department since they will not be returned.

1. If your statutory basis for compromise is anything other than reasonable doubt as to the amount of liability, a complete financial analysis will be completed on your account. Financial documentation must be submitted that reflects your financial situation for the **three months** immediately preceding the date you submit your Offer In Compromise.

Documentation Required (*additional documentation may be requested after an initial review of the offer*):

- a. A completed and signed [OIC-100](#).
 - b. A 20%, non-refundable, down payment made by credit card or by certified funds.
 - Exceptions to this requirement are allowed if you submit a Form [OIC-102](#) Third Party Affirmation, or if your gross income is below the [federal poverty guidelines](#).
 - c. A completed and signed NCDOR Financial Statement based upon your entity type:
 - [RO-1062](#) (Collection Information Statement for Individuals or Sole Proprietorships).
 - [RO-1063](#) (Collection Information Statement for Businesses) . All business offers are required to attach an [RO-1062](#) for each officer, partner, or member.
 - d. Supporting Documentation:
 - If wage earner, last 3 months paystubs
 - Complete copies of last 3 bank statements for all accounts
 - Complete copies of last 2 federal income tax returns (if required to file)
 - If you claim to also owe the IRS, you must include a current federal account transcript for each outstanding period and tax schedule.
 - Substantiation for any claims of special circumstances made in section 8 of [OIC-100](#) Explanation of Circumstances (copies of actual monthly expenses, court ordered payments, out-of-pocket medical expenses, physician's statements detailing illness, etc.)
 - A completed worksheet calculating your Reasonable Collection Potential based upon your entity type:
 - [OIC 101-A](#) (Individuals)
 - [OIC 101-B](#) (Businesses)
 - [OIC 101-C](#) (Sole Proprietorships and Self-Employed Individuals)
 - e. Substantiation of claimed mortgages, vehicle liens and any other claimed judgments or liens.
2. If your basis for compromise is reasonable doubt as to the amount of liability, a financial analysis will not be conducted, however, you need to provide documents to support your claim.

Documentation Required:

- a. A completed and signed [OIC-100](#).
- b. A 20%, non-refundable, down payment made by credit card or by certified funds.
 - Exceptions to this requirement are allowed if you submit a Form [OIC-102](#) Third Party Affirmation, or if your gross income is below the [federal poverty guidelines](#).
- c. An explanation of the basis of reasonable doubt along with verifying documentation.
- d. A computation of the claimed corrected tax due along with an explanation of how you arrived at that amount.

Offers should be submitted to: NC Department of Revenue, Attn: Offer In Compromise Unit, 1500 Pinecroft Rd., Suite 300, Greensboro, NC 27407-3724

Step 3

The Department will provide you an electronic template for completing the Collection Statement and RCP/ down-payment calculations upon request.

Determining the Amount of Your Offer & Required Down Payment

All offer amounts must exceed zero.

Your offer amount must equal or exceed your Reasonable Collection Potential (RCP) amount. Your RCP should be calculated using the [OIC 101-A](#), [OIC 101-B](#), or [OIC 101-C](#) worksheet that is included in your OIC packet. These worksheets will help you estimate your RCP, and determine your minimum offer amount and required down payment. Electronic versions of these worksheets are available upon request and on our website at www.ncdor.gov. Exceptions can exist to offering the RCP (see pg. 5.)

The RCP equals the net equity of your assets plus the amount the Department projects it could collect from your future income.

If the Department's financial analysis indicates that you have the ability to pay the tax liability in full, either immediately or through an installment payment agreement, or you can pay a greater amount than that offered in compromise, your offer will be denied.

The Department requires a 20% down payment of the offer amount. This will be applied towards your tax liability and will not be refunded. Payment must be submitted in certified funds or by credit card. Offers received without the down payment will not be processed. If your gross income falls below the [Federal Poverty Guidelines](#), or if you attach a Form [OIC-102](#) Third Party Affirmation with your offer, then you may be exempt from this requirement.

How Does the Department Calculate the RCP?

The [OIC 101-A](#), [OIC 101-B](#), and [OIC 101-C](#) worksheets are used to calculate the RCP.

Each form begins with the total of your liquid assets which includes cash on hand, average bank balance, investment account balances and cash value of all insurance policies. You must include your last 3 months statements for all accounts (checking and savings) and insurance policy statements with your offer.

The worksheets also assist in calculating equity in all property owned by using the Quick Sale Asset Value (QSV) method. The QSV is calculated by multiplying the asset's value by a discount factor. The Department allows you to discount property values to 80%. Real property asset value is calculated using the *county tax value* multiplied by 80% QSV discount minus any outstanding mortgage balances. The most current mortgage statements must be submitted with the offer for the loan to be allowed.

Purchased vehicle and other licensed asset value is calculated using the NA-DA value multiplied by the 80% QSV discount minus any outstanding loan balance. The most current loan statements for each vehicle/ licensed asset owned must be submitted with the offer for the loan to be allowed.

Asset values minus any liens superior to the Department's, such as those arising from IRS or county tax debts, will equal your total equity in assets held.

Next, the worksheets assist in calculating monthly disposable income by subtracting monthly allowable expenses from total monthly income. Calculate total monthly income using the average of 3 months of paystubs, monthly pensions, social security, dividends, profit from business, alimony, child support, commissions or any other income sources.

Total allowable monthly expenses are calculated using Collection Financial

Standards provided by the IRS for housing and utilities, food, clothing & other items, vehicle operating costs, public transportation costs, vehicle loans, and medical costs as well as actual alimony, child support, day care expense, health and life Insurance expense, IRS and estimated tax payments, and any court-ordered payments.

The calculated monthly disposable income is multiplied by 60 months and added to total equity in assets held to determine your RCP.

Each taxpayer is also allowed up to \$2,000 in accounting/legal fees when documentation is provided. This allowance is solely for the preparation of the Offer In Compromise, and not for accounting fees accrued as a part of normal personal and business filings. The accounting/legal fees are subtracted from the reasonable collection potential in order to determine the net RCP.

Does Offering the RCP Guarantee Acceptance of My Offer?

No. The Department performs an analysis of your financial condition during the review process. Failure to provide documentation to support income, expenses, and loan balances can impact the Department's calculation of the RCP and may result in the Department's inability to process your offer.

The following are factors used during the Department's financial analysis process when making a determination for an offer:

Omitted Items – If you omit income, assets, or other items of significance from your financial statement, your offer may be denied.

History of Non-Compliance – A history of regular or willful non-compliance with revenue statutes may constitute grounds for the rejection of your offer.

Insufficient Documentation - If documentation for outstanding mortgage and loan balances for real and personal property is not provided, the loan balances will not be allowed. In addition, claimed expenses for alimony, child support, day care, health and life insurance, IRS and estimated tax payments, and any court-ordered payments should be provided or the claimed expenses will be disallowed.

Property Valuation – The Department will assess the value of all property that you own. If the Department determines value of the property is greater than shown on your RCP work-sheet and financial statement, your offer may be denied.

Collected Taxes – If your debt is based on taxes that were collected from others, but not remitted, such as

sales or employee withholding taxes, the offer may not be accepted.

Earned Income – If an attachment of earned income will collect more over the statutory period of collection than the amount offered, your offer may be denied.

Installment Payment Agreement– If the current installment payment agreement will pay more over the statutory period of collection than the amount proposed in settlement, your offer may be denied.

Other – The law gives the Secretary the option to accept an offer but in no way requires it. In any instance where the Secretary determines that acceptance is not in the best interest of the State, the offer will be denied.

Step 4

In order to settle one person's interest in a joint income tax liability, you must qualify for Innocent Spouse Relief. You cannot be relieved of the liability through an Offer In Compromise.

Will Offers for My Interest Only in a Joint Income Tax Liability Be Considered?

No. If you have filed a joint income tax return for the year(s) in which you are requesting relief, you must submit an offer in compromise from both parties that includes financial information from and has been signed by both parties.

Pursuant to G.S. § 105-153.8(e), a wife and husband filing jointly are treated as one taxpayer for the purpose of determining the tax imposed by this Part. A husband and wife filing jointly are jointly and severally liable for the tax imposed by this Part reduced by the sum of all credits allowable including tax payments made by or on behalf of the husband and wife.

In order to receive relief for your

interest in a jointly filed income tax liability, you must qualify for Innocent Spouse Relief under N.C.G.S. § 105-153.8(e).

If you request and qualify for Innocent Spouse Relief, you will be notified by the Department of your percentage of relief once your request has been processed.

If you do not qualify for Innocent Spouse Relief, you will remain jointly and severally liable for the balance of tax, penalty and interest due. You cannot request an offer in compromise to settle your interest in the outstanding liability.

Step 5

A Certificate of Tax Liability may be filed at any time while your offer is being considered.

Offer amounts must be paid in full with certified funds or by credit card when an offer is accepted.

Payment plans are not accepted for offer funds.

All Offer In Compromise forms and payments should be remitted to:

*NC Department of Revenue,
Attn: OIC Unit,
1500 Pinecroft Rd., Suite 300,
Greensboro, NC
27407-3724*

What Happens After My Offer Is Submitted?

The Offer In Compromise (OIC) Unit conducts an initial review of the offer to determine if it meets the basic qualifications to be processed.

If the qualifications are met and the offer can be processed, then the completed OIC packet is reviewed and analyzed by the OIC Unit using the information provided. The OIC Unit also performs independent re-

search.

During the review of the OIC packet, the OIC Unit may determine that more documentation is needed from you. If this is the case, then the OIC Unit will contact you.

If the additional documentation is not submitted as requested, then your offer will not be processed.

The OIC Unit makes a recommendation to the Secretary of Revenue and/or their designee, who has the final approval for all offer in compromise decisions.

The process can take up to 90 days. This timeframe can vary depending on the current volume of submissions and the time of year.

Will Collection Actions Stop?

Not necessarily.

There are certain circumstances when the Department will suspend collection activities while we consider your offer, but it is not a requirement.

After an offer is determined to be complete and submitted for

processing, we will not act to collect the tax liability while we consider and evaluate your offer.

We will also allow 14 days for you to respond after we send a letter notifying you of the Department's decision to deny

your offer.

It is important to note that the Department will not suspend collection if we determine that you submitted your offer to delay collection or cause a delay which will jeopardize our ability to collect the tax.

If Your Offer Is Accepted

The Department will notify you and your designated representative if the offer is accepted, and direct you to remit payment to: NC Department of Revenue, Attn.: Offer in Compromise Unit, at: 1500 Pinecroft Rd., Suite 300, Greensboro, NC 27407-3724.

Payment of the accepted offer must be made in certified funds

or by credit card by the payment due date as indicated on the acceptance letter (usually 30 days from date of the acceptance letter).

The total amount due will be the accepted offer amount less the 20% down payment.

Payments made toward the account while the offer is being considered will not decrease

the total offer amount due.

The Department does not accept payment plans on an offer in compromise.

A recorded Certificate of Tax Liability will be released when the Department receives payment of the accepted offer amount in certified funds or by credit card.

If Your Offer Is Denied

The Department will notify you and your designated representative if the offer is denied.

As part of the review process, the Department calculates the RCP. If your RCP is less than the total liability due but more than the amount offered, in most cases, the Department will include the calculated RCP in the denial letter and give you the option to offer this amount.

Offering the calculated RCP does not necessarily guarantee the Department will accept the offer.

If you are unable to counter offer, you should immediately contact the Department to arrange payment of the entire liability.

Appealing the Decision: North Carolina statutes make no pro-

vision for appeal of a denied offer.

The Department may reconsider a denied offer if there is a material change in the taxpayer's circumstances and documentation is provided prior to the due date on the denial letter. If it is after the due date on the denial letter, you will be required to submit a new offer.

[OIC Checklist](#) Rev. 03/22

N.C. DEPARTMENT OF REVENUE

OFFER IN COMPROMISE CHECKLIST

This checklist lists all documents that may be needed with your Offer In Compromise submission. Ensure that you read the [OIC-101 Offer in Compromise Instruction Booklet](#) in its entirety to determine what information is needed based upon your statutory basis for compromise.

ITEMS:

- _____ 1. Form [OIC-100](#) Offer In Compromise, completed and signed with an offer amount greater than \$0.00.
- _____ 2. 20% Down Payment made by credit card or in certified funds payable to NCDOR. (Exceptions to this requirement are allowed if you submit a Form OIC-102 Third Party Affirmation, or if your gross income is below the [Federal Poverty Guidelines](#).)
- _____ 3. Form [OIC-102](#) Third Party Affirmation
- _____ 4. Form [RO-1062](#) Collection Statement for Individuals. Include all documents listed under the signature line of the form, including mortgage and vehicle loan statements.
- _____ 5. Form [RO-1063](#) Collection Statement for Businesses (All business offers are required to submit a Form [RO-1062](#) for each officer, partner, or member.) Include all documents listed under the signature line of the form, including mortgage and vehicle loan statements.
 - _____ 5a. RO-1062 for each officer, partner, or member. Include all documents listed under the signature line of the form, including mortgage and vehicle loan statements.
- _____ 6. Worksheet for Offer In Compromise: [OIC 101-A](#) (Individual), [OIC 101-B](#) (Business Entities), or [OIC 101-C](#) (Self-Employed Individuals)
- _____ 7. Copy of last two (2) years Federal Income Tax returns, if required to file.
 - _____ 7a. If not required to file, then attach a signed and dated, written explanation.
- _____ 8. Copy of the federal account transcript for all periods if the taxpayer claims to also owe the IRS.
- _____ 9. Copy of last three (3) months paycheck stubs, if applicable.
- _____ 10. Copy of last three (3) months bank account statements for all accounts.
- _____ 11. Verification of any claimed health issue or disability.
- _____ 12. Verification documents showing the computation of the claimed corrected tax due and documents supporting your claim. (*If statutory basis of compromise is reasonable doubt.*)

Additional information may be requested after the initial review of the Offer In Compromise.

Form OIC 100
02/21

NORTH CAROLINA DEPARTMENT OF REVENUE

OFFER IN COMPROMISE

1) Name and Address of Taxpayer(s)

Name	+	_____	Date	_____
Trading As		_____	Account ID	_____
Address		_____	SSN/FEIN	_____
City		_____ State _____	Zip Code	_____

2) Outstanding Liability

Mark an "X" in the box for the correct tax type. Fill in the corresponding tax period(s) and amount(s) due.

<u>Tax Type</u>	<u>Period (s)</u>	<u>Amount of Liability*</u>
<input type="checkbox"/> Individual Income	_____	_____
<input type="checkbox"/> Sales & Use	_____	_____
<input type="checkbox"/> Withholding	_____	_____
<input type="checkbox"/> Other (specify)	_____	_____
* Include tax, penalty, and interest.		TOTAL \$ -

3) Basis For Compromise: (G.S. 105-237.1 authorizes compromises in the following situations. Check the appropriate block (s).)

- There is reasonable doubt as to the amount of the liability of the taxpayer under the law and the facts.
- The taxpayer is insolvent and the Secretary probably could not otherwise collect an amount equal to or in excess of the amount offered in compromise. A taxpayer is considered insolvent only in one of the following circumstances (check one):
 - a. It is plain and indisputable that the taxpayer is clearly insolvent and will remain so in the reasonable future.
 - b. The taxpayer has been determined to be insolvent in a judicial proceeding.
- Collection of a greater amount than that offered in compromise is improbable, and the funds or a substantial portion of the funds offered in the settlement come from sources from which the Secretary could not otherwise collect.
- A federal tax assessment arising out of the same facts has been compromised with the federal government on the same or a similar basis as that proposed to the State and the Secretary probably could not collect an amount equal to or in excess of that offered in compromise.
- Collection of a greater amount than that offered in compromise would produce an unjust result under the circumstances.
- The taxpayer is a retailer or a person under Article 5 of this Chapter; the assessment is for sales or use tax the retailer failed to collect or the person failed to pay on an item taxable under G.S. 105-164.4(a)(10) and (a)(11), and the retailer or person made a good-faith effort to comply with the sales and use tax laws. The subdivision expires for assessments issued after July 1, 2020.

4) Has any period listed above been compromised with the Internal Revenue Service? _____ If yes, attach a copy of the submitted offer, federal acceptance letter, and total amount due.

5) Amount of Offer: _____

6) 20% Down Payment _____
in certified funds: 20% x Line 5

7) Sources of Funds: _____
* If source of funds is "third party", attach form OIC-102.

see page 2

Calculating the RCP and Down Payment - Individuals

Worksheet for Offer in Compromise - Individual

Must complete RO-1062 prior to completion of worksheet

Form OIC 101-A

Refer to
RO-1062
Collection
Statement for
Individuals when
completing this
form

Step 1: Assessing Liquid Assets - Section 3

Cash on Hand - Line 12						
Average Bank Balance- line 13e						
Investment account balance (stocks, bonds, retirement, virtual currency) - Line 14e + Line 15d						
Cash value of insurance policy - Line 16c						
TOTAL LIQUID ASSETS						A

Step 2: Real Property - Section 4

Fair Market Value	<input type="text"/>	x	80%	-	Loan Balance	<input type="text"/>	=	Asset Value	<input type="text"/>	B
	Section 4 Line 17c		QSV			Section 4 Line 17d				

Step 3: Purchased Vehicle/ Other Licensed Asset -Section 5

Fair Market Value	<input type="text"/>	x	80%	-	Loan Balance	<input type="text"/>	=	Asset Value	<input type="text"/>	C
	Section 5 Line 18c		QSV			Section 5 Line 18d				

Step 4: Subtracting Judgments/Liens -Section 7

Balance due	<input type="text"/>	D
	Section 7 Line 20d	

Step 5: Total Equity in Assets Held

<input type="text"/>	E
(A+B+C)-D= E	

Step 6: Disposable Income Analysis -Section 10

Total Monthly Income (line 36)						
Wages, pensions, Social Security, dividends, profit from business, alimony, child support, commissions, other					<input type="text"/>	F
					Section 10 Line 36	

Less

Total Monthly Expenses (line 48)						
Housing and Utilities, Vehicle ownership & operating costs, food & clothing, health & life insurance, out-of-pocket medical, alimony, child support, and other court-ordered payments, child care, tax payments					<input type="text"/>	G
					Section 10 Line 48	

Disposable Monthly Income:					<input type="text"/>	H
					F-G= H	

Step 7: Proposed Offer Amount

**Do not enter amounts below \$0.00. If equity in assets or disposable income calculations are less than \$0.00, enter \$0.00.

Equity in Assets Held (E)					<input type="text"/>	I
----------------------------------	--	--	--	--	----------------------	----------

Disposable Monthly Income (H)	x	60 (months)	=	<input type="text"/>	J
				H X 60	

Reasonable Collection Potential		<input type="text"/>	K
		I + J = K	

Allowance for Accounting/Legal Fees (not to exceed \$2,000-must provide receipt)		<input type="text"/>	L
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Proposed Amount Offered In Compromise (must be greater than 0)		<input type="text"/>	M
		K-L=M	

20% Deposit (see instructions for exceptions)		<input type="text"/>	N
		M x 20% = O	

The Department
allows you to
discount property
values to 80%.
This is referred to
as Quick Sale
(QSV) value

Calculating the RCP and Down Payment - Business Entities

Worksheet for Offer in Compromise - Business

Form OIC 101-B

Must complete RO-1063 prior to completion of worksheet

Step 1: Assessing Business Assets- Section 4

Cash on Hand - Line 15					
Total Cash in Banks - Line 16d					
Accounts/Notes Receivable - Line 18f					
Total Investments (stocks, bonds, mutual funds, stock options, CDs, virtual currency) - Line 17c + Line 19c					
Total Credit Available - Line 20c					
Total Business Assets					A

Step 2: Real Property -Section 4

Fair Market Value	<input type="text"/>	x	80%	-	Loan Balance	<input type="text"/>	=	Asset Value	<input type="text"/>	B
	Section 4 Line 21e		QSV			Section 4 Line 21f				

Step 3: Vehicles, Leased and Purchased -Section 4

Fair Market Value	<input type="text"/>	x	80%	-	Loan Balance	<input type="text"/>	=	Asset Value	<input type="text"/>	C
	Section 4 Line 22e		QSV			Section 4 Line 22f				

Step 4: Business Equipment - Section 4

Fair Market Value	<input type="text"/>	x	80%	-	Loan Balance	<input type="text"/>	=	Asset Value	<input type="text"/>	D
	Section 4 Line 23e		QSV			Section 4 Line 23f				

Step 5: Business Liens, Judgments and Other Liabilities - Section 4

Balance due	<input type="text"/>	E
	Line 24d	

Step 6: Total Equity in Assets Held

<input type="text"/>	F
(A+B+C+D)-E= F	

Step 7: Disposable Income Analysis -Section 5

Total Monthly Income (Line 35)	<input type="text"/>	G
--------------------------------	----------------------	---

Less

Total Monthly Expenses (Line 48)	<input type="text"/>	H
----------------------------------	----------------------	---

Disposable Monthly Income:

<input type="text"/>	I
G-H= I	

Step 8: Proposed Amount Offered In Compromise (must be greater than 0).

**Do not enter amounts below 0. If equity in assets or disposable income calculations are less than 0, enter 0.

Equity in Assets Held (F)	<input type="text"/>	J
---------------------------	----------------------	---

Disposable Monthly Income (I)	x	60 (months)	=	<input type="text"/>	K
				I X 60	

Reasonable Collection Potential (RCP)

<input type="text"/>	L
J+K=L	

Allowance for Accounting/Legal Fees (not to exceed \$2,000-must provide receipt)

<input type="text"/>	M
----------------------	---

Proposed Amount Offered In Compromise (must be greater than \$0.00)

<input type="text"/>	N
L-M =N	

20% Deposit (see instructions for exceptions)

<input type="text"/>	O
N x 20% = O	

Refer to
RO-1063
Collection
Statement for
Businesses when
completing this
form

The Department
allows you to
discount property
values to 80%.
This is referred to
as Quick Sale
(QSV) value

Calculating the RCP and Down Payment - Self Employed Individuals

Worksheet for Offer in Compromise - Self Employed Individuals

Form OIC 101-C

Must complete RO-1062 prior to completion of worksheet

Refer to
RO-1062
Collection
Statement for
Individuals when
completing this
form

Step 1: Assessing Liquid Assets - Section 3

Cash on Hand - Line 12 + Line 59
Average Bank Balance - Section 3 Line 13e + Section 11 Line 60c
Investment account balance (stocks, bonds, retirement, virtual currency) - Line 14e + Line 15d
Cash value of insurance policy - Line 16c

TOTAL LIQUID ASSETS

A

Step 2: Real Property - Section 4

Fair Market Value x 80% - Loan Balance = Asset Value
Section 4 Line 17c QSV Section 4 Line 17d

B

Step 3: Purchased Vehicle/ Other Licensed Asset -Section 5

Fair Market Value x 80% - Loan Balance = Asset Value
Section 5 Line 18c QSV Section 5 Line 18d

C

Step 4: Subtracting Judgments/Liens -Section 7

Balance due
Section 7 Line 20d

D

Step 5: Total Equity in Assets Held

(A+B+C)-D= E

E

Step 6: Disposable Income Analysis -Section 10 / 12

Total Monthly Income (Line 36 + Line 72)
Wages, pensions, Social Security, dividends, profit from business, alimony, child support, commissions, other

Section 10 Line 36 +
Section 12 Line 72

F

Less

Total Monthly Expenses (Line 48 + Line 84)
Housing and Utilities, Vehicle ownership & operating costs, food & clothing, health & life insurance,
out-of-pocket medical, alimony, child support, and other court-ordered payments, child care, tax payments

Section 10 Line 48 +
Section 12 Line 84

G

Disposable Monthly Income:

F-G= H

H

Step 7: Proposed Offer Amount

**Do not enter amounts below \$0.00. If equity in assets or disposable income calculations are less than \$0.00, enter \$0.00.

Equity in Assets Held (E)

I

Disposable Monthly Income (H) x 60 (months) =

H X 60

J

Reasonable Collection Potential

I + J = K

K

Allowance for Accounting/Legal Fees (not to exceed \$2,000-must provide receipt)

L

Proposed Amount Offered In Compromise (must be greater than 0)

K-L=M

M

20% Deposit (see instructions for exceptions)

M x 20% = O

N

The Department
allows you to
discount property
values to 80%.
This is referred to
as Quick Sale
(QSV) value

[Form OIC-102](#)
(06-12)

NORTH CAROLINA DEPARTMENT OF REVENUE
Third Party Affirmation of Offered Amount

Taxpayer Name: _____

Taxpayer SSN/FEIN: _____

Amount Offered: _____

I, _____ (third party name), will provide \$ _____ (amount of offer) in certified funds for _____ (taxpayer name) payable to the North Carolina Department of Revenue within 30 days after acceptance of the offer in compromise.

Printed Third Party Name: _____

Third Party Address: _____

Third Party Signature: _____

Date: _____

_____ State

_____ County

"I, _____, a Notary Public for said County and State, do hereby certify that _____ personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal, this the _____ day of _____, 20____.

Notary Public

My commission expires _____, 20 ____.