



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
Washington, D.C. 20224

SMALL BUSINESS/SELF-EMPLOYED DIVISION

December 7, 2007

Control No: SBSE-04-1207-061  
Expires: December 07, 2008  
Impacted IRM: 4.18.2

MEMORANDUM FOR EXAMINATION EXECUTIVES

FROM: Barbara Harris /s/ *Barbara Harris*  
Acting Director, Examination Policy

SUBJECT: Interim Guidance Memorandum for Offer in Compromise (OIC) Cases  
Received in Examination

This memorandum serves as notification regarding a procedural change impacted by the enactment of Section 509 of the Tax Increase Prevention and Reconciliation Act of 2005 ("TIPRA"). The TIPRA amendments to Section 7122 apply to offers in compromise submitted on or after July 16, 2006. The new federal law states:

Any offer-in-compromise submitted under this section shall be deemed to be accepted by the Secretary if such offer is not rejected by the Secretary before the date which is 24 months after the date of the submission of such offer. For purposes of the preceding sentence, any period during which any tax liability which is the subject of such offer-in-compromise is in dispute in any judicial proceeding shall not be taken into account in determining the expiration of the 24-month period.

The date of submission of an offer for purposes of Section 7122(f) is the date on which the offer is received by the Service. With the enactment of the 24-month limitation, examiners should take the necessary steps to complete their work as expeditiously as possible and send the cases along with their closure determinations to Technical Services in order for the cases to be reviewed and subsequently closed well in advance of the 24-month date.

Other changes, not related to TIPRA but effective immediately, are to:

- Control all OIC Doubt as to Liability (DATL) cases on ERCS/AIMS using Source Code 73. Previously, OIC-DATL cases were controlled using Source Codes 45 or 73 or were not controlled at all.
- Each area must ensure that OIC cases are updated with project code 0264 in order to properly tract these cases.

- Each Area needs to ensure that there are procedures in place to ensure OIC-DATL cases are resolved promptly and that they have safe guards in place to follow up on these offers.
- Each Area needs to ensure that the Offer date is ascertained and noted in the case file.

The above changes will be included in the next revision of the Internal Revenue Manual IRM 4.18.2, *Doubt as to Liability*, by December 1, 2008.

If you have any questions, please contact Barbara Harris, or a member of your staff may contact Georges Carpentier, Senior Examination Policy Analyst.

Cc: [www.irs.gov](http://www.irs.gov)