An Offer in Compromise is an agreement to settle a tax debt for less than the full amount owed. The goal of the Offer in Compromise program is to achieve a compromise that is in the best interest of both the taxpayer and the State of Mississippi. To be considered, you must make an appropriate offer based on what the Department of Revenue considers your ability to pay.

Submitting this application does not ensure that your offer will be accepted. If your offer is not accepted, the initial payment sent with this application will be applied to your tax debt. **You cannot appeal this decision.**

**Eligibility:***
- Before your offer may be considered, you must file all tax returns that you are legally required to file. After you file your offer, you must continue to timely file and pay all required tax returns.
- You are not eligible to apply if you or your business are in an open bankruptcy proceeding.
- An offer will not be accepted if you can pay your tax debt in full or through a payment plan or equity in assets.
- An offer will not be accepted for any tax debt less than 4 years old or for debt that is less than $3,000.
- You are not eligible for consideration if you or your business collected, but did not pay, Trust Fund taxes.
- An offer will not be accepted if your debt is the result of criminal activity.
- A history of regular or willful noncompliance with Mississippi’s state tax laws may constitute grounds for rejection of your offer.
- Your offer will be declined if you do not provide sufficient documentation to support income, expenses, and other items claimed.
- Your offer will be rejected if you omit income, assets or other items of significance.
- Persons with a previous offer in compromise for another tax liability with the State are not eligible for a second compromise.
- The offer will be declined in any instance where the Commissioner or the Governor determines that acceptance is not in the best interest of the State.
- **Incomplete applications will not be accepted. If the application form is not complete, the Commissioner may disregard your application.**

**Instructions for completing form:**
- Clearly print or type your response for each item requested.
- Complete all lines. If a question does not apply, you may write “n/a” or zero on the line to indicate that the question is non-applicable.
- Attach additional sheets if more space is needed to fully answer any question.
- Mail your completed application to the address below. In lieu of mailing, you may hand-deliver the completed application to the Department of Revenue District Office closest to you. Office addresses are found on the DOR website under the “contact” section. [www.dor.ms.gov](http://www.dor.ms.gov)

  **Office of Tax Enforcement**
  **P. O. Box 23338**
  **Jackson, MS 39225-3338**

- A non-refundable payment of $100, or 20% of the offer, whichever is greater, is required to accompany the application for an Offer in Compromise. This payment will be applied toward your liability regardless of whether the Offer in Compromise is accepted. Other payments made prior to an acceptance of the Offer in Compromise will not be considered as payments made toward the compromised amount.

The Department will notify you in writing if your offer is accepted or denied. Payment of the accepted offer must be made by the payment due date indicated on the acceptance letter. Tax liens will be released only after an offer is accepted and the amount offered is paid in full.
Legal Authority for Offer in Compromise.
The Governor, on the advice of the Commissioner of Revenue, may settle any doubtful claim of the State of Mississippi for taxes collected by the Department of Revenue after application by the debtor proposing a compromise of the debt. See Miss. Code Ann. Section 31-19-29. A doubtful claim includes finally determined tax liabilities enrolled as a lien on the Mississippi Uniform State Tax Lien Registry and the collection of which has not occurred through the ordinary collection process. See Miss. Code Ann. Section 31-19-27.

Commissioner’s Responsibility.
The Commissioner of Revenue is charged with determining and collecting the actual amount of tax due from Mississippi taxpayers, and accepting an amount less than the liability will only occur in extraordinary circumstances. An offer must be based on the taxpayer’s true ability to pay. Any offer below what the taxpayer can actually pay will be rejected. To keep this process as open and transparent as possible, a waiver will be required eliminating the protection of the confidentiality provisions of the Mississippi Code for all documents reviewed in determining whether or not to recommend compromise to the Governor.

Down Payment with Application.
Payment of twenty percent (20%) of the offer or one hundred dollars ($100.00), whichever is greater, is required to accompany any application for an Offer in Compromise. This payment will be applied toward the taxpayer’s liability regardless of whether the Offer in Compromise is accepted.

Confidentiality.
An approved Offer in Compromise is not protected by the confidentiality provisions of Mississippi Tax Law. In order for the Governor to settle a doubtful claim, the Department must provide the Governor and/or Governor’s Staff with sufficient information to demonstrate that the Offer is in the best interest of the State. The Department will redact any social security or employer identification numbers before providing such information; however, this documentation will include your financial information and other personally identifying information. For this reason, a signed "Waiver and Authorization to Release Confidential Taxpayer Information” must be included with the completed Offer in Compromise application form.

Trust Fund Taxes.
Your offer may be rejected if your debt is based on taxes collected from others, but not remitted to the Department as required by law. Trust Fund taxes include sales tax charged and collected from your customers and income taxes withheld from your employee’s wages.

Criminal Violations.
An offer cannot be accepted for liabilities that resulted from criminal activity including, but not limited to, tax evasion and tax fraud. The State cannot compromise any restitution amount ordered by a court.

Documentation.
You are required to provide reasonable documentation of your financial condition and ability to pay with your request for an offer. A complete review of your current financial situation will be conducted as a part of the offer process so it is incumbent that you include all supporting documentation with your application. A checklist is found on page 7 and notes are included with certain questions. 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.

Offer Submission Does Not Delay Collection Activities.
Collection efforts are not suspended upon the making of an Offer in Compromise. State tax liens are not released until the Offer is accepted and the amount offered is paid in full. Interest and penalty continue to accrue on any unpaid tax debt while the offer is being considered. Any install-
ment payment arrangement already in effect will be continued while the offer is considered. The Department will keep any refund, including interest, that might be due for tax periods extending through the calendar year of the offer. The refund may not be applied to estimated tax payments for the following year or the accepted offer amount.

Review.
In determining the amount acceptable to compromise your tax liability, the Commissioner will conduct a thorough examination to ensure that you accurately included all assets and income and that you claimed only the necessary expenses allowable for the health and welfare of you and your family, or to provide for production of income. It is important that you fully complete the application form accurately and honestly. Your request may be denied if the information is not complete or if you did not disclose all assets or income. To be sure that no allowable expenses are missed, taxpayers should include current information about all of their expenses in the application. The Department will review the information to verify that the taxpayer is being given credit for all allowable expenses.

Amount of Offer.
The minimum offer amount should be your monthly disposable income multiplied by twelve (12), plus the market value of your assets. Monthly disposable income is calculated by subtracting monthly allowable expense from monthly total income. Total monthly income includes salaries, monthly pensions, social security, dividends, profit from business, alimony, child support, commissions and any other income sources. Your current market value of assets is the reasonable amount that you expect to be paid for the asset if you sold it, less the current balance due on loan(s) or mortgage(s).

Assets Not Included in Computation.
All assets must be listed on the Offer In Compromise application; but, the following assets are not required to be included in the calculation for the Offer In Compromise.
- Homestead of up to $75,000 in equity.
- Vehicle, not to exceed $10,000 in equity per vehicle per taxpayer.
- Personal Property not to exceed $10,000 in value including clothing; furniture and Appliances; 1 Television and 1 Radio; 1 Firearm; 1 Lawn mower; linens, china, and kitchenware; wedding rings; health aids or any single item of personal property worth less than $100.

Personal Expense.
Allowed expenses are those needed to provide for you and your family's health and well-being. Necessary living expenses include, but are not limited to, rent or mortgage payments; heat or air conditioning; transportation necessary for work or required travel; medical expenses; reasonable food expenses. Expenses related to luxury items such as private school tuition, boat payments and insurance, luxury car payments and insurance, etc. will not be allowed.

Excessive Household Expense.
Excessive expenses for food, housekeeping supplies, apparel & services, etc. will not be allowed. The taxpayer should provide documentation to substantiate any unusual expenses explaining why such are necessary living expenses.

Responsible Person Sales or Withholding.
In some cases an individual taxpayer may have a personal liability as a "responsible person" for the tax debts of a corporation, partnership or other business entity. A person who has purchased a business that owes state withholding and sales taxes may also be responsible for some or all of those taxes if the buyer has failed to set aside money from the purchase price.

An individual who is jointly responsible for a business liability will not be relieved of the joint liability unless the business entity no longer exists. If the business entity is still in existence, then such entity must also apply for an Offer in Compromise.
Instructions

Completing the Application.

Complete all applicable sections.
Type or print clearly.
All applicants must complete the Confidentiality Waiver included with this application form.
Attach additional pages for any question needing additional space or to provide additional information.
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.
Before mailing, review your application to make sure it’s complete and includes all supporting documentation and payment.

Before proceeding with the completion of this application, review the listing on page 1 of these instructions to determine whether you are eligible for an Offer in Compromise.

Page 2. Complete this application if you are an individual who owes Mississippi Income Tax or an individual with a personal liability (responsible person) for business taxes owed to the Mississippi Department of Revenue. Include attachments if additional space is needed. You and your spouse should file this application together if you have a joint tax debt, such as a joint liability for income tax. If you and an ex-spouse have a joint tax debt, then both you and the ex-spouse should submit separate applications.

- Enter your (the applicant’s) full name, street address, date of birth, and Social Security Number.
- Enter the physical street address of your place of residence. Do not enter a mailing address such as a Post Office Box. This address should be the actual location of your home.
- Check the appropriate box and complete the information concerning whether you own or rent your home. Include documentation for outstanding mortgage and loan balances or the the loan balances can not be considered. If leasing, attach lease agreement.
- Provide the name, age, and relationship of all persons currently living in your household, and all persons you currently claim as a dependent on your income tax return. Enter n/a on any line that is not applicable.
- Mark “yes” for anyone that contributes financially (such as paying rent) to the household income. List the amount contributed each month.

Page 3. All applicants complete this page. Mark the tax type and list the amount and tax period of the debt that you are requesting compromise.

“Tax liability” means all of the tax, interest, and penalties owed by the taxpayer. In some cases, it may also include certain fees and costs. List all unpaid tax liabilities you wish to compromise. You may not submit an offer for a tax year or period less than 4 years old. Your total liabilities must be more than $3,000. You may review your unpaid liabilities on your TAP (Taxpayer Access Point) online account or on a Statement of Accounts.

1. Mark “yes” if you are able to repay this debt through an extended installment plan. Along with your application, provide an outline of payments you are able to pay.
2. Mark “yes” if you can borrow the funds to pay this debt or any part of this debt. Provide the amount you are able to pay with this application. If you mark “no,” include at least two denials of loan applications from financial institutions. The loan applications must be for the purpose of paying this tax debt and not for another purpose (such as an auto loan.)
3. Mark “yes” if you have funds in bank accounts, retirement accounts, or the cash value of a life insurance policy that could pay this debt. Provide the balance information on Page 7 for each.
4. Mark “yes” if you can repay this debt by eliminating payments or expenses for non-essential items. Non-essential items include most things not necessary to meet needs or obligations.
5. Mark “yes” if you have assets (valuable personal property) that could be sold to repay the debt, or a portion of the debt.

6. Mark “yes” if you also owe the IRS back taxes. Attach details of the debt to this application.

7. Mark “yes” if you have an offer in compromise pending with IRS for that debt.

8. If you mark “yes,” include a medical statement from your physician detailing the diagnosis and prognosis for you or your family member’s medical condition(s). The Department will consider the medical condition of yourself or the medical condition of a spouse, parent, or child if you provide full-time medical care or living assistance for that person.

9. Write an explanation as to why you need an offer in compromise. Explain what prevented you from paying the taxes when they were due and what is currently preventing you from entering into a payment plan agreement with the Department. Attach additional sheets if needed.

10. You may use the Offer Calculation Worksheet on page 10 of the application form to assist you in determining the offer amount. The Department will use a worksheet similar to this when reviewing your offer amount. All offer amounts must exceed zero. The amount must not include any amount which has already been paid or collected on the liability. Your disposable income is determined by subtracting expenses from total income. Your current market value of assets is the reasonable amount that you expect to be paid for the asset if you sold it, less the current balance due on loan(s) or mortgage(s).

11. Mark “yes” if you are borrowing the money to pay this amount. If you check “no,” explain how you will pay the offer. Explain where you will obtain the money to pay your offer.

12. Explain how you determined the amount of the offer.

Page 4. List all sources of income for both you and your spouse, if married, even if your spouse is not liable for the obligations that you seek to compromise. It is necessary to see where all household income comes from and who is paying the expenses in order to assess your ability to pay. This includes members of the household who may not be liable for the tax debt.

☐ Mark “yes” if you or your spouse receive other income, including alimony and/or child support. Include copies of the order for any court-ordered payments.

☐ Complete the “Vehicles” section by including any and all types of vehicles including, but not limited to, automobiles, boats, trucks, tractors, campers, motor homes, ATVs, jet skis, trailers and motorcycles. Vehicle value is calculated using the NADA value less any loan balance. Include a copy of the recent statement for any loans on these vehicles. If the vehicle is paid for, enter “paid” on monthly payment line. Attach additional pages if needed.

Page 5. List all debts and monthly expenses. For credit cards, bank loans etc., List the type of account, credit limit and credit available along with the current balance.

☐ Food includes food at home and food away from home. Food at home refers to the total expenditures for food from grocery stores or other food stores. It excludes the purchase of nonfood items. Food away from home includes all meals and snacks, including tips, at fast-food, take-out, delivery and full-service restaurants, etc.

☐ Clothing and shoes includes clothing, footwear, material, patterns and notions for making clothes, alterations and repairs, clothing rental, clothing storage, dry cleaning and sent-out laundry, watches, jewelry and repairs to watches and jewelry.

☐ Personal care items includes products for the hair, oral hygiene products, shaving needs, cosmetics and bath products, electric personal care appliances, and other personal care products.

☐ Medical services includes medical, dental and vision care. Do not include medical care expenses where you received reimbursements, such as from your health insurance.

☐ Housekeeping supplies includes laundry and cleaning supplies, stationery supplies, postage, delivery services, miscellaneous household products, and lawn and garden supplies.
Page 6. Enter the total amount available for each type of account using the most current statement(s). For any bank accounts with negative balances, enter -0-. Attach copies of bank statements for the last 12 months, as well as any other financial institution statements for which you have signatory authority. If applicable, include a listing of all stocks, bonds, and/or securities owned, along with the current market value of each.

Page 7. List all real estate owned in or outside the State of Mississippi. Include documentation of loans/mortgages that show the monthly payment amount and balance due.

Provide a listing of all valuable items that you own. If you are making payment on any of the items, provide documentation that provide the monthly payment amount and balance due.

Page 8. Complete all questions and sign the application. If you paid a preparer to complete the form on your behalf, the preparer should also sign and date the application.

Page 9. Sign the Waiver of Confidentiality in the presence of a notary. Applications lacking a signed Waiver will not be accepted.

Page 10. The Offer Calculation Worksheet is provided to assist you in determining your offer amount. You are not required to complete this form.

Please review the checklist on the following page to ensure that all required information is provided. If your application form is not complete, the Commissioner may disregard your application.

Mail your completed application to the address below. In lieu of mailing, you may hand-deliver the completed application to the Department of Revenue District Office closest to you. Office addresses are found on the DOR website under the “contact” section. www.dor.ms.gov

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## Required Information and Documentation

Review this listing to ensure that you include all required documentation with your application. It is advisable that you 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. Include the following with this application:

- A completed Offer in Compromise form.
- In lieu of completing this form, you may submit a completed IRS form 433A and/or 433B. Form 433A is completed for an individual and/or sole proprietor.
- Down-payment of $100 or 20% of the offer, whichever is greater.
- A copy of IRS or another state’s Offer in Compromise and acceptance or denial, if applicable.
- A copy of a credit report detailing credit history prepared by any consumer reporting agency within the last 30 days.
- A signed waiver eliminating the protection of the confidentiality provisions of the Mississippi Code for all documents reviewed in determining whether or not to recommend compromise to the Governor.
- Copies of the 3 most recent pay stub or earnings statement from each employer for both you and your spouse.
- Copies of bank statements (checking and savings) for the 12 most recent months. Include business accounts if applicable.
- A recent statement from lenders for mortgage and vehicles that show monthly payments, loan payoffs, and balances.
- Copies of the most recent statement for each investment and retirement account. Include a listing of all stocks, bonds and securities owned.
- Copies of the most recent statement for any other source of income such as pensions, social security, rental income, interest and dividends.
- Copies of the court order for child support and/or alimony.
- A recent statement from lending institutions and other creditors that indicates current balances owed and payment schedule.
- A complete inventory of assets, including fair market values of each item.
- Copies of any judgements or legal decrees, excluding bankruptcy as covered below, for the past six years.
- Affidavit concerning real and personal property transfers within last 3 years.
- Copy of most recent real property and personal property tax assessments.
- Denials of loan application, for tax debt amount or payoff amount, by 2 or more financial institutions.
- Petition, schedules, and Order of Discharge from Bankruptcy, if applicable.