

Q: What is Offer in Compromise?

A: An offer in compromise is an agreement between you (the taxpayer) and the Michigan Department of Treasury that settles a tax debt for less than the full amount owed. The opportunity for an offer in compromise is limited to only the following situations:

- (a) A doubt exists as to liability;
- (b) A doubt exists as to collectability;
- (c) An offer in compromise was granted by the Internal Revenue Service for federal taxes for the same tax year.

Q: Are all taxpayers eligible to submit an offer in compromise?

A: At the time a taxpayer submits an offer in compromise to Treasury, all of the following must be true:

- The taxpayer must have been assessed for the tax liabilities specified in the proposed offer in compromise.
- All opportunities for the taxpayer to contest the assessed tax liability in informal conference and appeal the assessed tax liability to the Michigan Tax Tribunal or the Court of Claims must have expired.
- The taxpayer must have filed returns for all applicable taxes for all outstanding tax years.
- The taxpayer must have no open bankruptcy proceedings.

Q: How do I submit an offer in compromise?

A: Mail all necessary forms, schedules and supporting documentation along with the non-refundable initial offer payment, in the form of check or money order made payable to the "Michigan Department of Treasury-Offer in Compromise," to:

Michigan Department of Treasury
Offer in Compromise
P O Box 30190
Lansing MI 48909

Q: Can I e-file my offer in compromise?

A: No. At this time offers in compromise must be submitted by mail.

Q: What forms of payment are accepted for the initial offer payment?

A: At this time the initial offer payment must be made in the form of a check or money order made payable to the "Michigan Department of Treasury-Offer in Compromise." Treasury does not currently accept credit or debit cards for payment. Include your collections account number and assessment number(s) on your payment.

Q: What is the definition of “total household resources”?

A: Total household resources include all income (taxable and nontaxable) received by all adult household members during the year, including income that might be exempt from federal adjusted gross income. Net losses from business activity may not be used to reduce total household resources.

Q: If my offer in compromise is accepted, are there different ways that I can pay for the compromised amount?

A: You may make an offer in compromise based on a lump sum payment, a periodic payment to be paid within 5 months, or an installment plan to be paid within 6 and generally not more than 24 months. The terms of the payment may affect the amount of the offer considered acceptable.

Q: If my offer in compromise is accepted and the accepted offer is in the form of a periodic payment or installment plan, can I make my installment payments electronically?

A: Yes, once your offer in compromise is accepted you may choose to make your payment using the Electronic Funds Transfer (EFT) online payments process. Treasury does not currently accept credit cards for payment. For more information about the online payments process, visit our Web site at www.michigan.gov/collectionseservice.

Q: If my offer in compromise is accepted, can I have my payments automatically deducted from my bank account?

A: No, not at this time. Once your offer in compromise is accepted, you must access the e-Service site each time you want to make your payment using the Electronic Funds Transfer (EFT) online payments process.

Q: Will the offer in compromise initial offer payment be applied towards the offer amount?

A: The submission of an offer in compromise requires a payment of the greater of \$100.00 or 20% of the offer amount. This amount is non-refundable, regardless whether the offer in compromise is accepted or rejected, and will be applied towards the outstanding balance of the liability. If an offer is accepted, the remainder of the accepted offer amount after applying the initial offer payment must be paid.

Q: Can I file missing tax returns at the same time as my offer in compromise?

A: No, you must have filed all required tax returns prior to submitting an offer in compromise. Once those missing tax returns have been filed with the Michigan Department of Treasury, mail your completed offer in compromise forms, schedules and documentation with payment of the offer in compromise initial offer payment to:

Michigan Department of Treasury
Offer in Compromise
PO Box 30190
Lansing MI 48909

Any unfiled tax returns must be filed for the offer in compromise to be considered by Treasury. An offer in compromise will be rejected if any tax returns remain unfiled.

Q: Where do I find my assessment information?

A: You may request updated assessment information by contacting the phone number on the last correspondence received for your account. If your account is currently assigned to the Office of Collections, please visit the e-service web site <http://www.michigan.gov/collectionseservice> to obtain updated assessment information.

Q: If I forget to list an assessment will it be compromised?

A: No. Only assessments listed on the offer in compromise will be considered.

Q: Will penalty and interest continue to accrue during consideration of the offer?

A: Yes. Submission of an offer in compromise does not suspend interest or penalties from accruing on the outstanding liability.

Q: Do I get a refund of the initial offer payment if my offer in compromise is rejected?

A: No. The initial offer payment is non-refundable and will be applied towards any outstanding liability in the order of the oldest assessment first.

Q: If my offer in compromise is rejected can I reapply?

A: Yes. A new offer in compromise submission and a new initial offer payment of \$100.00 or 20% of the offer, whichever is greater, will be required. The new initial offer payment must be in the form of check or money order and mailed with the new offer in compromise submission.

Q: Will I have to make payments on my current installment agreement while my offer is being considered?

A: Assessments that are included in the offer in compromise are not subject to collection activity and installment agreement payments are not required while the offer is pending. Installment agreement payments should continue on all assessments that are not a part of the offer. Please contact the phone number on the last correspondence received for the account to discuss your assessment information.

Q: What types of tax liability are eligible for the Offer in Compromise program?

A: Treasury will not accept an offer in compromise based on the receipt of an offer in compromise from the Internal Revenue Service for a taxpayer's tax debt other than Individual Income Tax debt under MCL 206.1 to 206.532, or for Corporate Income Tax debt under MCL 206.601 to MCL 206.699.

On the grounds of Doubt as to Collectability or Doubt as to Liability, Treasury may compromise all or part of any tax debt that is subject to administration under the Revenue Act.

Q: I have a state tax lien on my property. Will this be released when I submit my offer in compromise?

A: No. The state tax lien will remain in place until after the offer in compromise has been paid in full.