

## OFFER IN COMPROMISE APPLICATION

NAME: DOING BUSINESS AS: ADDRESS:		For Department Use Only  <input type="checkbox"/> CC <input type="checkbox"/> M/O Effective Date: _____	
Last 4 Digits of Social Security Number:	EDD Employer Payroll Tax Account Number:	Amount Paid: \$	Log Number:

1. The undersigned submits this Offer in Compromise for payment of California state payroll tax liability, which includes Unemployment Insurance, State Disability Insurance, Employment Training Tax, Personal Income Tax, penalty, and accrued interest described as follows:
  
2. The total amount of the offer: \$ \_\_\_\_\_ See specific instructions.
3. A full financial disclosure, including community property, is contained in the financial statement, submitted as part of this application.
4. Explain the facts and reasons why this offer should be accepted:
  
  
  
  
  
  
  
  
  
  
5. All payments made with this offer are submitted voluntarily. In the event an offer is not accepted, the amount will either be applied to the liability or refunded, at the discretion of the individual submitting the offer. Check the appropriate box below:
  - Retain the amount offered/apply to account.
  - Refund the amount paid.

Monies paid to the Employment Development Department (EDD) with an offer will not be applied against the liability until the offer has been accepted.

## ELIGIBILITY REQUIREMENTS

- Any person assessed under section 1735 of the [California Unemployment Insurance Code](http://leginfo.ca.gov/faces/codes.xhtml) (CUIC) (leginfo.legislature.ca.gov/faces/codes.xhtml), a partner or an individual owner with inactive, out-of-business accounts.
- Any person assessed under section 1735 of the CUIC, a partner or an individual of an active business, only if you no longer have a controlling interest or association with the business.
- Any person assessed under section 1735 of the CUIC, a partner or an individual owner who does not have access to current income sufficient to pay more than the accumulating interest and 6.7 percent of the liability on an annual basis.
- Any person assessed under section 1735 of the CUIC, a partner or an individual owner who does not have assets, whether or not subjected to lien by the EDD, that if sold, would satisfy the liability.
- The amount offered by the individual must be more than the EDD could expect to collect through involuntary means within four years of the time the offer is made.
- Only non-disputed, final tax liabilities will be considered for compromise. Liabilities under petition or bankruptcy will not be considered.
- Liabilities, as a result of fraud (section 1128 of the CUIC) or actions resulting in a conviction for a violation of the CUIC, will not be compromised.

### Acknowledgment of Facts

A determination by the Director that it would not be in the best interest of the state to accept partial payment in satisfaction of a tax liability will not be subject to administrative appeal or judicial review.

When in the Director's judgment it serves the best interest of the state, the Director may permit the agreed upon amount to be paid in installments under a payment agreement not to exceed five years in length.

It is understood that this offer will be considered and acted upon in due course and that it does not relieve the individual from the liability sought to be compromised unless and until the offer is accepted in writing by the Director or a delegated representative and there has been a full compliance with the terms of the offer.

All liens will remain in effect until the terms of the compromise agreement are fulfilled, including payment of the amount offered.

Under penalty of perjury, I declare I have examined this offer, including accompanying documents, and to the best of my knowledge and belief, it is true, correct, and complete.		
Signature of Applicant:	Date:	
Signature of Applicant:	Date:	
Signature of Applicant's Authorized Representative:	Title:	Date

Part 1 (EDD Copy)

## Background

The Offers in Compromise program is governed by article 8, sections 1870-1875 of the CUIIC. This program enables a qualified applicant to potentially eliminate a state tax liability at less than full value. The term "tax liability" includes EDD taxes, contributions, penalty, and interest.

## Reason for Compromise

When it is in the best interest of the state, the Director of the EDD may enter into an agreement for partial payment in satisfaction of the full liability.

## Practical Consideration

The following requirements must be met for consideration:

1. Applicant must not have access to income sufficient to pay more than the accumulating interest and 6.7 percent of the outstanding liability annually.
2. Must not have prospects of increased income or assets, which allow payment within a reasonable period.
3. Must not have assets, which if sold, would satisfy the liability.
4. The amount offered must be more than the EDD could expect to collect through involuntary means within four years of the time the offer is made.

## Acceptance of Offer in Compromise

Once the terms of the compromise agreement are fulfilled, including payment of the amount offered, the following will occur:

1. The liability will be considered satisfied in full.
2. All tax liens filed or recorded, or both, will be released.

3. A statement will be placed on file with the EDD containing the following information:
  - a. The individual's name and Offer in Compromise identification number.
  - b. The year(s) and quarter(s) involved.
  - c. The reason(s) the liability was reduced by an Offer in Compromise.
  - d. The total amount of unpaid tax, interest, additions to tax, and penalties at issue in the compromise.
  - e. The terms of the Offer in Compromise.
  - f. The total amount paid under the Offer in Compromise.

All records of compromise are kept by the EDD and may be reviewed as part of the annual single audit of the EDD.

## Full Compliance of Terms

The EDD will:

1. Notify the individual(s) submitting the offer, in writing, that the terms of the compromise agreement have been fulfilled and all liens filed or recorded, or both, against the individual's interests have been released.
2. Furnish the individual(s) submitting the offer with a copy of the statement on file. The statement will be retained for one year from the date of the issuance.

## Denial of Offer in Compromise

You will receive a written notification if your offer is denied. A denial is final. Section 1872 of the CUIIC states a denial of an Offer in Compromise "shall not be subject to administrative appeal or judicial review." You may reapply in six months if a substantial and permanent change to your financial situation occurs.

## Terms of Rescission

The acceptance of the offer will be rescinded and all compromised liabilities will be reestablished without regard to any statute of limitations if it is subsequently determined that any individual(s) willfully:

1. Concealed from any officer or employee of the state any property belonging to the estate of the individual liable with respect to the tax.
2. Received, withheld, destroyed, mutilated, or falsified any book(s), document(s), or record(s).
3. Made any false statement relating to the estate or financial conditions of the individual liable with respect to the tax.
4. Failed to pay any tax liability owed the EDD for any subsequent, active business in which the individual who previously submitted the Offer in Compromise has a controlling interest or association.

Upon any rescission, the EDD, at its discretion, may file a Notice of State Tax Lien against the individual or entity responsible for the previously compromised liability.

The EDD will notify the individual who previously submitted the Offer in Compromise in writing of the following:

1. The rescission of any offer and reasons therefore.
2. The amount of liability that is due and payable.

## Collection Action

Submission of an offer does not automatically suspend collection action on a liability. Should there be any indication that filing the offer is solely for the purpose of delaying collection or will negatively impact our ability to collect the tax, collection efforts will continue. If the EDD has previously agreed to an installment plan, those payments must continue.

Should collection action occur after an acceptance of an Offer in Compromise, you may receive a refund or have the funds applied to the agreed amount.

## Specific Instructions

1. The offer must be submitted on an *Offer in Compromise Application* (DE 999A). A separate application must be submitted for each account to be compromised.
2. The application must be completed in full. If the full amount cannot be paid at the time of offer, the individual may be permitted to pay the agreed amount in installments, not to exceed a five-year period. The EDD will negotiate terms of the installment plan during the review process.
3. This is a legal and binding agreement and must be read in its entirety. The application cannot be processed without signature in all applicable areas.
4. Send original application to:  
Employment Development Department  
PO Box 826880, MIC 92S  
Sacramento, CA 94280-0001
5. Retain a copy for your records.

## Other Facts to Know

The Offer in Compromise package must be completed. You will be expected to provide reasonable documentation to verify your inability to pay the full liability. The offer will only be successful if a legitimate proposal is submitted in the state's best interests.

Should you have any questions, please contact the EDD at 1-916-464-2739.

The EDD is an equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities. Requests for services, aid, and/or alternate formats need to be made by calling 1-888-745-3886 (voice) or TTY 1-800-547-9565.