

# Missouri Department of Revenue



# Offer in Compromise Instructions



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## What is an Offer in Compromise?

The Department is authorized to consider an Offer in Compromise under [Section 32.378,RSMo](#). An Offer in Compromise allows qualifying taxpayers an opportunity to settle unpaid tax accounts for less than the full amount that is owed. The goal of the Offer in Compromise program is to resolve a liability in a way that is in the best interest of both the State of Missouri and the taxpayer.

If taxpayers are unable to pay their taxes in full, there are other payment options, such as monthly installment agreements that the taxpayer must explore before submitting an Offer in Compromise.

## What can an Offer in Compromise NOT do?

- Delay or cancel existing collection actions. If it is determined that the offer was filed to delay collections, the offer will likely be rejected.
- Void or abate existing tax liabilities without any offer of payment or reason for compromise.

## What are some common reasons an offer may be rejected?

- An offer of 'zero' or 'none' will be rejected.
- You fail to make full financial disclosure, including income of everyone that contributes to household expenses.
- You submit false or misleading information. The Department verifies the information you submit.
- You have not fully filed all tax types.
- You have repeated noncompliance or have attempted to avoid paying tax obligations.
- The offer does not include a statement supporting the reason for the offer.
- The tax liability sought to be compromised directly relates to a crime for which you have plead guilty or were found guilty.
- A previous abatement request or settlement has been granted.

## How does it work?

When the Department receives your offer, it is reviewed to determine if you submitted all of the required documentation and the offer meets all submission criteria. If all documentation is not complete, or if the MO-656 forms are not signed and dated, you will receive a letter requesting the additional information.

Each offer is considered on an individual basis and you can submit an offer for one of the following reasons:

### 1) **Doubt as to Collectability ("I agree I owe the tax, but cannot pay."):**

Doubt exists that you could ever pay the full amount of tax liability owed. You must provide documentation that demonstrates an inability to pay the liability in full. The amount offered must be the maximum amount that you can pay, taking in consideration future earning potential and total equity in all assets.

- a) You must fully file all tax returns for all required tax periods and tax types.
- b) You must not have an open bankruptcy proceeding.
- c) You must be current on all estimated tax payments if you are required to make estimated tax payments.
- d) You must submit all required information listed on the Offer In Compromise Checklist.
- e) You must complete all sections of Offer in Compromise Form:
  - Individual Income Tax - [MO-656](#)
  - Business Tax - [MO-656B](#)
  - Low Income Short Form - [MO-656A](#)

### 2) **Severe Economic Hardship**

Collections of the full liability will result in severe economic hardship to you.

- a) You must fully file all tax returns for all required tax periods and tax types.
- b) You must not have an open bankruptcy proceeding.
- c) You must be current on all estimated tax payments if you are required to make estimated tax payments.
- d) You must submit all required information listed on the Offer In Compromise Checklist.
- e) You must complete all sections of Offer in Compromise Form:
  - Individual Income Tax - MO-656
  - Business Tax - MO-656B
  - Low Income Short Form - MO-656A



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### 3) Doubt as to liability (“I do not believe I owe this tax.”):

A legitimate doubt exists that the assessed liability is correct. Possible reasons to submit a doubt-as-to-liability offer include:

- You dispute the existence or amount of the correct tax liability.
- Your evidence was not considered.
- You have new evidence.
  - a) You must fully file all tax returns for all required tax periods and tax types.
  - b) You must complete Section 1 and 2 of the [MO-656](#)
  - c) You must provide a written statement explaining why the liability is not owed.
  - d) You must provide sufficient documentation to establish that there is substantial doubt regarding your liability and reasonable cause for failure to produce such documentation earlier in the collection process.

### 4) Exceptional Circumstances:

Regardless of your financial circumstances, exceptional circumstances exist such that collection of the full liability will be detrimental to voluntary compliance by the taxpayer. Such exceptional circumstances include, but are not limited to:

- Instances where the failure to pay the taxes assessed is the result of circumstance beyond your reasonable control and is not the result of negligence on your part.
- Instances in which a reasonable person would not expect the assessment based on previous policy of the Department of Revenue or information provided to you by the Department of Revenue.
- Examples of Exceptional Circumstances may include, but are not limited to: Natural Disasters, fires, theft/robbery.
- Exceptional Circumstances does NOT include financial hardship.
  - a) You must fully file all tax returns for all required tax periods and tax types.
  - b) You must not have an open bankruptcy proceeding.
  - c) You must be current on all estimated tax payments if you are required to make estimated tax payments.
  - d) You must submit all required information listed on the Offer In Compromise Checklist.
  - e) You must provide a written statement explaining the circumstances and include any and all supporting documentation to support your reasoning.
  - f) You must complete sections 1 and section 2 of the [MO-656](#).

### 5) Low Income

You may be eligible for the Offer in Compromise Short Form for Low Income Taxpayers based on one of the reasons listed below.

- Your income is 125% of the federal poverty level or 200% of the federal poverty level with extenuating circumstances;
- You have a fixed income;
- You received public assistance benefits; or
- You have major medical issues.
  - a) You must be fully filed on all required years for all tax types.
  - b) You must not have an open bankruptcy proceeding.
  - c) You must be current on all estimated tax payments if you are required to make estimated tax payments.
  - d) You must submit all required information listed on the Offer In Compromise Checklist.
  - e) You must provide a written statement explaining the circumstances and include any and all supporting documentation to support your reasoning.
  - f) You must complete all sections of the [MO-656A](#).



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### Federal Poverty Level (Annual)

Household/ Family Size	125% of Federal Poverty Level (Annual Income)	200% of Federal Poverty Level (Annual Income)
1	15,950	25,520
2	21,550	34,480
3	27,150	43,440
4	32,750	52,400
5	38,350	61,360
6	43,950	70,320
7	49,550	79,280
8	55,150	88,240

### Is professional assistance required to submit an offer?

You are welcome to seek tax assistance from a tax professional, but it is not a requirement.

### What happens when a decision is made?

When a decision is made, you will be notified in writing. The Department will:

1. Issue a letter denying your claim;
2. Make a written Counter-Offer; or,
3. Accept your offer in writing.

If the original offer, or a counter offer is accepted, you must remain compliant with all Missouri tax filings and payment requirements for three years from the date the offer is accepted. If you do not remain compliant, the negotiated amount will be retracted and you will owe the original balance due, plus additional interest, minus any payments made. The Department will also offset state and federal refunds for tax periods through the tax year that the offer is accepted. An offset does not reduce the accepted offer in compromise amount.

Once an offer is accepted and paid according to the terms of the offer, any enforced collection activity such as liens and levies issued against you will be released.

The law does not provide for an appeal of a rejected offer. You must make payment arrangements to pay the debt. If this is not done, the case will be referred for further collection actions to collect the debt in full.

**Please submit your offer to the address listed below.**

**Mail to:** Taxation Division  
Collections Enforcement  
P.O. Box 1646  
Jefferson City, MO 65105-1646

**Phone:** (573) 751-7200  
**Fax:** (573) 522-3218



**E-mail:** [collections@dor.mo.gov](mailto:collections@dor.mo.gov)

Visit [dor.mo.gov](http://dor.mo.gov) for additional information.

### Ever served on active duty in the United States Armed Forces?

If yes, visit [dor.mo.gov/military/](http://dor.mo.gov/military/) to see the services and benefits we offer to all eligible military individuals. A list of all state agency resources and benefits can be found at [veteranbenefits.mo.gov/state-benefits/](http://veteranbenefits.mo.gov/state-benefits/).



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