



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, DC 20224

SMALL BUSINESS/SELF-EMPLOYED DIVISION

August 16, 2024

Control Number: **SBSE-05-0824-0043**  
Expiration Date: **08-16-2026**  
Affected IRM: **5.8.8**

MEMORANDUM FOR: Gwannette M. Claybrook, Director  
Specialty Collection Offer in Compromise (SCOIC)

FROM: Rocco A. Steco, Director  
Collection Policy Rocco A. Steco Jr.  
Digitally signed by Rocco A. Steco Jr.  
Date: 2024.08.16 12:34:01 -04'00'

SUBJECT: Interim Guidance on Pen and Ink Changes to Form 656 and Addressing Levies at Acceptance Processing

This memorandum issues guidance on three specific sections in IRM 5.8.8, *Offer in Compromise – Acceptance Processing*. The guidance will remain in effect until the revisions to IRM 5.8.8 are published. Please ensure that this information is distributed to all affected employees within your organization.

**Purpose:** IRM 5.8.8.2(6) and IRM 5.8.8.3(1) {last bullet} are being revised to remove the guidance regarding a pen and ink change on the Form 656 to change the basis of an Offer in Compromise (offer). IRM 5.8.8.14(1) is being revised to require that all levies be released upon offer acceptance and to utilize the quickest delivery method to issue Form 668-D, *Release of Levy / Release of Property from Levy*. Additionally, IRM 5.8.8.14(3) is being revised to secure support from the site/campus revenue officers on processing levy releases.

**Background/Source(s) of Authority:** Currently IRM 5.8.8.2(6) and the last bullet in IRM 5.8.8.3(1) state, “If you can accept the offer under a different basis from the one selected on Form 656, and the taxpayer verbally approves the change, document the request. Line through the basis requested, check the appropriate box, and initial and date both changes.” A recent Counsel opinion confirmed a pen and ink change is not allowed to adjust the basis of an offer (also known as the Reason for Offer in Section 3 of Form 656).

Currently IRM 5.8.8.14(1) states, “When the taxpayer has a continuous wage levy or FPLP levy, it **may** be released by the OE/OS prior to forwarding the accepted case to MOIC.” In order to better protect the taxpayer’s interest and ensure consistency with all offer acceptances, IRM 5.8.8.14(1) will be changed to require the release of the wage levy or FPLP levy, with facsimile being the preferred method of delivery.

**Procedural Change:** Employees may no longer adjust the basis of an offer using a pen and ink change to the Form 656. An amended Form 656, *Offer in Compromise*, is required to make this change.

Employees must release all levies prior to forwarding the accepted offer to Monitoring Offer in Compromise (MOIC). Send the levy release via facsimile if this option is available and document the delivery method in AOIC/ICS. MOIC will secure support on levy releases that may have been missed at acceptance by referring them to the site/campus revenue officers.

**Effect on Other Documents:** This guidance will be incorporated into the applicable IRM sections of 5.8.8, *Offer in Compromise - Acceptance Processing*, within two years from the date of this memorandum.

**Effective Date:** This interim guidance is effective as of the date of this memorandum.

**Contact:** You may direct any questions regarding this memorandum to Diana Estey, National OIC Program Manager, or a member of your staff may contact Benjamin Galfond, Senior Program Analyst, OIC Collection Policy.

**Cc:**

Director, Headquarters Collection  
Director, Collection  
Director, Collection Operations – Quality and Technical Support  
National Taxpayer Advocate Service  
Office of Chief Counsel  
IRS.gov

**Attachment to Interim Guidance: SBSE-05-0824-0043**

**IRM 5.8.8.2, Amendment to Form 656**

OBSOLETE (6):

~~(6) If you can accept the offer under a different basis from the one selected on Form 656, and the taxpayer verbally approves the change, document the request. Line through the basis requested, check the appropriate box, and initial and date both changes.~~

**IRM 5.8.8.3, Pen and Ink Changes to Form 656**

(1) Pen and ink changes may be made to correct the below issues. No amended Form 656 will be required in these instances.

OBSOLETE LAST BULLET UNDER (1):

~~If you can accept the offer under a different basis from the one selected on Form 656, and the taxpayer verbally approves the change, document the request. Line through the basis requested, check the appropriate box, and initial and date both changes.~~

**IRM 5.8.8.14, Continuous Wage Levy or Federal Payment Levy Program (FPLP) Levy**

(1) When the taxpayer has a continuous wage levy or FPLP levy, it **must** be released by the OE/OS prior to forwarding the accepted case to MOIC.

(2) See IRM 5.8.1.1.16, Withholding Collection, for additional information on levy.

(3) Take the following actions prior to forwarding the accepted offer to MOIC:

c. Obtain the authorizing signature.

*Note:* COIC should use the campus revenue officer to obtain authorizing signature of levy release. **Campus revenue officers will also assist MOIC in handling any levy releases that may have been missed at acceptance.**

d. **Fax the release to the employer/levy source for quicker delivery. Utilize mail only if a fax number is not located or available.**

g. Ensure AOIC/ICS remarks document the date the levy release was approved and issued, **and if sent via fax or mail.** Include a copy of the Form 668-D in the case file.