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To:

Cc:

Subject: RE: Closing agreement general questions

Closing agreements under section 7121 of the IRC are subject to the disclosure laws but not just section 6103 in general. Section 6103(2)(D), together with 6103(a), specifically provide that "any agreement under section 7121" is "confidential."

Closing agreements are final with regard to the determinations within them. Once the tax liability or issue is established by the closing agreement, it cannot be changed. Section 7122 of the IRC covers offers-in-compromise. The boilerplate language in a closing agreement regarding section 7122 notifies a taxpayer that regardless of the closing agreement the taxpayer would still be entitled to submit an offer-in-compromise with respect to the liability or the issue determined with finality in the closing agreement. In other words, a taxpayer who enters into a closing agreement with the IRS does not foreclose his right to submit an offer-in-compromise later with respect to the same liability or issues covered in an earlier closing agreement.