

California Department of Tax and Fee Administration



# OFFER IN COMPROMISE

For individuals and businesses who cannot  
pay the full tax or fee balance they owe



The California Department of Tax and Fee Administration's (CDTFA's) Offer in Compromise Program provides a payment alternative for individuals and businesses who cannot pay their tax or fee liability in full.

### WHAT IS AN OFFER IN COMPROMISE?

An *offer in compromise* (OIC) is a proposal to pay CDTFA an amount that is less than the full tax or fee liability due. If you make an offer and we accept it, you will no longer be liable for the full amount due and we will release any related tax liens as provided by the terms and conditions relative to your offer.

### MAY I MAKE AN OFFER?

Currently, you may make an offer in compromise if you:

- Have a tax or fee liability on a closed account,
- Are no longer associated with the business that incurred the liability or a similar business,
- Do not dispute the amount of tax or fee you owe, and
- Cannot pay the full amount you owe in a reasonable amount of time.

Effective January 1, 2009, through January 1, 2023, the CDTFA will also consider an offer in compromise for open and active businesses that have not received reimbursement for the taxes, fees, or surcharges owed; successors of businesses that may have inherited tax liabilities from their predecessors; and consumers, who are not required to hold a seller's permit, but incurred a use tax liability. However, certain conditions apply, such as signing a collateral agreement prior to approval of an offer and agreeing to remain current on all tax returns filed during the succeeding five-year period.

### WHICH OFFERS ARE ACCEPTED?

Generally, we will recommend acceptance of your offer if we find that the amount you propose to pay represents the maximum amount we can expect to collect from you in a reasonable period of time, typically five to seven years. We will *not* accept your offer if you have assets or income available to fully pay your liability.

### HOW DO I APPLY?

You must complete an *Offer in Compromise Application* (CDTFA-490 for individuals; CDTFA-490-C for all others). After completing the application, you should submit it along with supporting documentation (described in the application) to the local CDTFA [office](#) or division that handled your account (see reverse). That office will forward your request to the Offer in Compromise Section for evaluation. You are not required to submit any payment with your offer.

### WHEN WILL I GET AN ANSWER?

We will send you an acknowledgment letter after we receive your application. We do our best to review your offer and make a recommendation within 180 days of receiving your completed application. The process may take longer if your account is more complex, your application is incomplete, or if we need additional information.

*Please note:* If you are making payments under an installment payment agreement or earnings-withhold order, you must continue these payments while we review your offer. Generally, we will not initiate new collection action while your offer is pending, unless delaying collection activity jeopardizes our ability to collect the liability.

### HOW ARE OFFERS EVALUATED?

We will evaluate your offer based on the facts and circumstances of your liability and financial situation. The following factors are considered:

- Your ability to pay
- The amount of equity in your assets
- Your present and future income and expenses
- Whether your circumstances are likely to change
- Whether your liability was due to tax evasion or fraud

We may use both public and private sources of information to verify your financial condition.

### WHEN DO I PAY?

If our OIC Section recommends acceptance of your offer, staff will contact you, in writing, and ask you to pay the full amount you proposed. You may fund your offer with a lump-sum payment, or you may enter into a written agreement to make payments toward the offered amount at the discretion of the OIC Section based on your financial situation.

If you choose to pay the full amount offered in a lump-sum payment, your payment will be held as a deposit while the final review takes place. You may choose to have your deposit returned to you or applied toward your liability should your OIC request be denied. However, if you choose to make installment payments toward the offered amount and fail to remit your scheduled payments, your payments will be retained by the CDTFA and applied toward your liability.

### WHAT ARE THE FINAL STEPS?

After the OIC Section recommends acceptance of your offer and you have made the payment described above, your case will be decided by CDTFA management. Liabilities for tax and fee programs with no statutory provision for an OIC are submitted to the Attorney General's Office for a final decision. If your offer is approved, we will notify you, in writing, and release any liens as provided by the terms and conditions relative to your offer.

If your offer is not approved, we will notify you in writing. We may also recommend an alternative course of action that is appropriate for your situation. We will also return your deposit, without interest, if you elected to remit a lump-sum payment of the offered amount.



## WHERE CAN I GET AN OIC APPLICATION?

Applications are available from the local CDTFA [office](#) or division handling your account, our website, and our Customer Service Center. See reverse for contact information.

## MORE OIC DETAILS

**If my offer is turned down because of my financial situation, are there other options for resolving my liability?**

Yes. We can discuss your account with you and determine the most appropriate resolution. For example, if we determine that you could make monthly payments over time that would exceed the amount of your offer, we will help you establish an installment payment agreement.

**My IRS/FTB/EDD OIC has been accepted. Will the CDTFA automatically approve my offer?**

No. We will evaluate your offer in the manner described in this brochure.

**Can I make payments on the offered amount?**

Yes. However, the full amount offered is required within 12 months.

**Will my prior payments be credited toward the amount of my offer?**

No. While we will take prior payments into account when evaluating your offer, they will not be credited toward the total amount you offer.

**If my offer is denied, can I choose to apply my deposit to my liability?**

Yes. If you choose to do so, the date you made the deposit will count as the effective date of your payment. However, if the deposit was posted by a third party, you must obtain their written approval before we can apply the payment to your liability.

## FOR MORE INFORMATION

Internet: [www.cdtfa.ca.gov](http://www.cdtfa.ca.gov)

Customer Service Center: 1-800-400-7115 (TTY:711)

*Representatives can assist you weekdays from 8:00 a.m. to 5:00 p.m. (Pacific time), except state holidays.*

Offer in Compromise Section: 1-916-322-7931

## SALES AND USE TAX OFFICES

City	Phone Number	City	Phone Number
Bakersfield	1-661-395-2880	Redding	1-530-224-4729
Cerritos	1-562-356-1102	Riverside	1-951-680-6400
Culver City	1-310-342-1000	Sacramento	1-916-227-6700
El Centro	1-760-352-3431	Salinas	1-831-443-3003
Fairfield	1-707-427-4800	San Diego	1-858-385-4700
Fresno	1-559-440-5330	San Francisco	1-415-356-6600
Glendale	1-818-543-4900	San Jose	1-408-277-1231
Irvine	1-949-440-3473	Santa Clarita	1-661-222-6000
Oakland	1-510-622-4100	Santa Rosa	1-707-576-2100
Rancho Cucamonga	1-909-257-2900	Ventura	1-805-677-2700
Rancho Mirage	1-760-770-4828	West Covina	1-626-480-7200

*The offices listed are current when the publication was written. Office contact information is available on our website and from our Customer Service Center.*

## For Out-of-State Accounts

Centralized Collections 1-916-445-3670

## Other Taxes and Fees

Special Taxes and Fees 1-800-400-7115

Timber Yield Tax 1-916-274-3330

## Taxpayers' Rights Advocate

Call toll-free: 1-888-324-2798

