

# Things You Should Know

The Offer in Compromise (OIC) program allows you to offer a lesser amount for payment of a nondisputed final tax liability. If you are an individual or business taxpayer who does not have the income, assets, or means to pay your tax liability now or in the foreseeable future, you may be an OIC candidate.

Generally, the Franchise Tax Board (FTB) approves an OIC when **the amount offered represents the most we can expect to collect within a reasonable period of time.**

Although we evaluate each case based on its own unique set of facts and circumstances, we give the following factors strong consideration in our evaluation:

- Ability to pay.
- Equity in assets.
- Present and future income.
- Present and future expenses.
- The taxpayer's age and health.
- The potential for changed circumstances.
- Whether the offer is in the best interest of the state.

## Application Process

To apply for an OIC, complete the application and provide the necessary documentation. For a checklist of required items, go to [ftb.ca.gov/forms](http://ftb.ca.gov/forms) and search for **4905**.

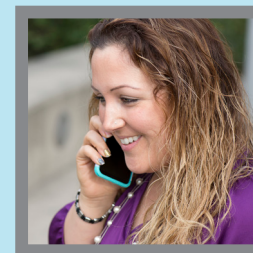
- For Personal Income Tax, use FTB 4905 PIT, *Offer in Compromise for Individuals*.
- For Business Entities, use FTB 4905 BE, *Offer in Compromise for Business Entities — Booklet*.

We only process OIC applications if you have:

- Filed all of the required tax returns and you agree on the amount you owe. If you do not have a filing requirement, note it on your application.
- Fully completed the Offer in Compromise application and provided all supporting documentation.
- Authorized FTB to obtain your consumer credit report and investigate and verify the information you provided on your application.

## All Applicants Must:

- Complete the checklist provided in the application to ensure you address all required areas.
- Complete **all** pages of the application, providing full disclosure. This includes writing “not applicable” in the appropriate areas.
- Complete the justification for the offer and source of funds. You cannot leave these sections blank.
- Verify the application is signed and dated.
- Include required copies of all bank statements, pay stubs, and profit and loss worksheets.
- Include the application and acceptance letter or other IRS arrangements, if you have submitted or completed an offer for the IRS.
- Include all information and assets. If we locate omitted assets during the evaluation process, it will serve as grounds to deny the offer.





## Business Entities:

- Ensure that all required returns are filed prior to submitting an application. Business Entities **must** include all returns up to the current year. This may include a partial year return and marking the “final return” box on the last return.
- Include proof that all bank accounts have been closed.
- Ensure all assets have been liquidated.

## Personal Income Tax:

- Include three months of all billing statements for amounts claimed.
- Include a **current** rental agreement or mortgage statement.
- Include copies of all bank statements and pay stubs. If self-employed, provide profit and loss worksheets.
- If one of the reasons for justification of the offer is a medical condition(s), you must provide documentation.

# OIC

---

## Contact Us

Request an OIC application online or by telephone:

- Go to [ftb.ca.gov/forms](http://ftb.ca.gov/forms) and search for **4905**.
- Call 800.338.0505 and select Personal Income Tax form requests.

# Offer In Compromise

## Things You Should Know

Mail or fax your Offer in Compromise application and all supporting documents to:

**Mail:** STATE OF CALIFORNIA  
OIC GROUP MS A453  
**FRANCHISE TAX BOARD**  
PO BOX 2966  
RANCHO CORDOVA CA 95741-2966

**Fax:** 916.845.0479

For more information on FTB’s Offer in Compromise program, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **oic** or call us at 916.845.4787.

