



CDTFA
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) 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 us 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, until January 1, 2028, we 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, we may require you to sign a collateral agreement and agree to remain current on all tax returns filed for the next five years.

WHICH OFFERS ARE ACCEPTED?

Generally, we will accept your offer if we agree 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 four years. We will *not* accept your offer if you have assets or income available to pay your liability in full.

OIC PRE-QUALIFIER TOOL

If your business is closed, you may use our online [OIC Pre-qualifier Tool](#) to assist you in determining whether an OIC is right for you.

If you are interested in an OIC and your business is still active, please contact the OIC Section at 1-916-322-7931 to find out if you are eligible.

HOW DO I APPLY?

Complete an *Offer in Compromise Application* ([CDTFA-490](#) for individuals and [CDTFA-490-C](#) for all others) and submit it, along with supporting documentation (described in the application), to your local CDTFA [office](#) or to the division that handled your account. They will forward your request to the Offer in Compromise Section for evaluation. Do not 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 will do our best to review your offer and make a recommendation within 30 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. In most cases, 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, and we will take the following factors into consideration:

- 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, we will write to you and ask you to pay the full amount you proposed. If you are not able to pay the full amount at one time, the OIC Section may (at their discretion) work with you to set up payments.

If you choose to pay the full amount of your offer at once, we will hold your payment as a deposit while CDTFA management completes your final review.

WHAT ARE THE FINAL STEPS?

After the OIC Section recommends acceptance of your offer and you have paid the offer amount, CDTFA management will decide your case, and we will write to you with the final decision.

If we approve your offer, we will release any liens as provided by the terms and conditions relative to your offer.

If we are unable to approve your offer, we may be able to recommend other options for you. In most cases, we will also return your deposit (without interest), at your request. However, we cannot return deposits in cases of fraud or asset concealment. Also, if you agreed to an installment plan but missed your scheduled payments, we may apply payments made toward your liability.



WHERE CAN I GET AN OIC APPLICATION?

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

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 to find the most appropriate resolution. For example, if we determine that you could make monthly payments that would total more than the amount of your offer, we may be able to set up an installment payment agreement for you.

My IRS/FTB/EDD OIC has been accepted. Will 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?

Depending on your situation, and at our discretion, we may be able to set up an installment payment agreement for you. However, the full amount offered must be paid 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. In this case, the date you made the deposit will count as the effective date of your payment. However, if someone else made the payment for you, you must obtain their written approval before we can apply the payment to your liability.

FOR MORE INFORMATION

Internet:

www.cdtfa.ca.gov

Customer Service Center:

1-800-400-7115 (TTY:711)

Representatives can assist you Monday through Friday from 7:30 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	Telephone Number	City	Telephone Number
Bakersfield	1-661-395-2880	Rancho Mirage	1-760-770-4828
Cerritos	1-562-356-1102	Redding	1-530-224-4729
Culver City	1-310-712-1210	Riverside	1-951-680-6400
Diamond Bar	1-626-480-7200	Sacramento	1-916-227-6700
El Centro	1-760-352-3431	Salinas	1-831-754-4500
Fairfield	1-707-862-3501	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 Rosa	1-707-890-6267
Oakland	1-510-622-4100	Ventura	1-805-856-3901

The offices listed are current as of the publication date. Office contact information is available on our website and from our Customer Service Center.

For Out-of-State Accounts

1-916-227-6600

Other Taxes and Fees

Special Taxes and Fees

1-800-400-7115

Timber Yield Tax

1-916-321-5180

Taxpayers' Rights Advocate

Call toll-free:

1-888-324-2798

