

**WISCONSIN DEPARTMENT OF REVENUE
DIVISION OF INCOME, SALES, AND EXCISE TAX**

NOTICE OF PROPOSED GUIDANCE DOCUMENTS

Pursuant to sec. 227.112, Wis. Stats., the Wisconsin Department of Revenue, Division of Income, Sales, and Excise Taxes hereby seeks comment on the proposed guidance document listed in the table below.

SUBMITTING PUBLIC COMMENTS

Public comments on proposed or adopted guidance documents may be submitted online at: <https://www.revenue.wi.gov/Pages/contactUs/proposed-Guidance.aspx>.

DEADLINE FOR SUBMISSION

The period for public comment for proposed guidance documents ends 21 days after publication in the Administrative Register, unless the Governor approves a shorter commenting period.

Document Number	Document Title
100036	Petition for Compromise of Taxes - Common Questions

State of Wisconsin
Department of Revenue

Petition for Compromise of Taxes

This is a proposed guidance document. The document has been submitted to the Legislative Reference Bureau for publication in the Administrative Register for public comment as provided by sec. 227.112(1), Wis. Stats.

1. What is a compromise of taxes?
2. Who qualifies for a compromise of taxes?
3. How can I file a Petition for Compromise of Taxes?
4. Where should completed petitions be sent?
5. How complicated is the Petition for Compromise form? Do I need an accountant or an attorney to help me complete it?
6. Is any other paperwork required besides the compromise form?
7. How is my ability to pay in full determined?
8. What happens after I have filed a petition for compromise?
9. How will I be notified if my petition has been accepted?
10. What happens if my petition is accepted?
11. After I have paid the compromise, am I done with this matter forever?
12. If I pay the compromised amount and apply for a loan, what will the credit reporting agencies find on my record?
13. What happens if I would like to settle my taxes for an amount less than the total due but cannot come up with a lump sum payment?
14. I know someone whose situation was similar to mine. That person's compromise was accepted. Why was mine rejected?
15. Can I petition for a compromise more than once?
16. If I am forced to pay the full amount of my tax liability, I may have to change my life style. Is that fair?

17. If my offer is denied, can I ask for a review of that decision?

1. What is a compromise of taxes?

A compromise of taxes is a process by which a taxpayer may be able to satisfy a tax debt for an amount that is less than the total amount due.

2. Who qualifies for a compromise of taxes?

Anyone whose resources are so limited or whose amount due is so large that they can never repay the full debt, even over time, may qualify. The taxpayer may be an individual, corporation, limited liability company, partnership, or any other legal entity with a tax obligation.

3. How can I file a Petition for Compromise of Taxes?

You must complete [Form A-212](#). This form is available from any Wisconsin Department of Revenue (DOR) office. You may request the form in person, by telephone, or by writing us. The form is also available on the department's website at revenue.wi.gov/Pages/BackTaxes/home.aspx.

4. Where should completed petitions be sent?

Please mail completed forms to the department at PO Box 8901, Madison, WI 53708-8901. If you are working with one of our collection agents, the agent may request you send the petition directly to them.

5. How complicated is the Petition for Compromise form? Do I need an accountant or an attorney to help me complete it?

The form is designed to be self-explanatory. Most people should be able to complete it without professional assistance. Should you need assistance or have questions, any DOR collection agent can advise you of the proper procedure.

6. Is any other paperwork required besides the compromise form?

Yes, in most situations, other information is required. For example, if you own real estate, you must provide the latest real estate tax bill to verify the fair market value you listed.

You must also provide your latest statement from mortgage holders or other lenders for any debt you listed.

A checklist of required documentation is available at (revenue.wi.gov/DORForms/a-212a.pdf). We reserve the right to verify any information you provide through our records or third-party contacts.

7. How is my ability to pay determined?

We will look at your equity in any real or personal property; past, present, and future earning potential; the priority of other creditors; whether your current financial condition is likely to be temporary or permanent; your present life style; your ability to borrow; and any other factors we consider relevant in making a decision.

8. What happens after I have filed a Petition for Compromise?

You will receive a letter indicating that we have received your completed petition or that we are requesting additional information. Once the department has a complete request, we attempt to act on it within 90 days.

Any collection actions which have been started by us before your petition was filed, such as wage attachments, levies, or property seizures, will continue unless we believe it is in our best interest to stop such action. No new collection actions will be started while we review your petition. We will, however, apply state and/or federal refunds (if any) and may still file new tax lien(s).

We continue to add interest on any unpaid balance until it's paid.

9. How will I be notified if my petition has been accepted?

After review, we will send you a written response. We may:

- o Accept your offer.
- o Reject your offer but propose a counteroffer.
- o Reject your offer and refer you to a DOR collection agent to determine the best method to pay your debt.

10. What happens if my petition is accepted?

If we accept a compromise offer, you must pay the amount as outlined in the order.

In most cases, we will issue satisfactions of all outstanding delinquent tax warrants upon receipt of payment. If the compromise is also contingent on future activities you have agreed to, such as incurring no new delinquencies for a stated period of time, outstanding delinquent tax warrants will not be satisfied until all conditions of the compromise have been met.

11. After I have paid the compromise, am I done with this matter forever?

Most people are done. However, by law, we may review your account within three years to determine if there has been a change in your financial condition which would enable you to pay the amount previously forgiven in the compromise settlement. If we find your financial situation has changed, we will notify you of a hearing to review whether the compromise should be reopened.

12. If I pay the compromised amount and apply for a loan, what will the credit reporting agencies find on my record?

The Department of Revenue does not report directly to any credit reporting agency, however, if you had a tax lien filed, courthouse records will reflect that it has been satisfied. Upon request, a letter may be provided to you stating that the lien(s) have been satisfied.

13. What happens if I would like to settle my taxes for an amount less than the total due but cannot come up with a lump sum payment?

You may be allowed to make payments on the compromised amount. Contact the department or include with your petition a proposal for payments if your offer is accepted.

A potential disadvantage to you is that if tax liens have been filed, they are not satisfied until all the terms and conditions of the negotiated offer have been fulfilled.

14. I know someone whose situation was similar to mine. That person's compromise was accepted. Why was mine rejected?

We review each case individually based on all of the information available to us.

15. Can I petition for a compromise more than once?

Yes. If you have previously petitioned for a compromise and that offer was not accepted, you may petition us at a later date. However, we are unlikely to view a second compromise offer more favorably than the first unless your financial condition has worsened, or you are

increasing the amount of your offer.

16. If I am forced to pay the full amount of my tax liability, I may have to change my life style. Is that fair?

Yes. A petition for compromise is granted to those who could never pay their debt because of its size relative to their assets, income, and earning potential. The fact that you may have to change your life style and make payments for several years does not make you a compromise candidate.

17. If my offer is denied, can I ask for a review of that decision?

Yes, requests for a second review of a rejected compromise should be directed to:

Compliance Bureau Director
Wisconsin Department of Revenue
PO Box 8901
Madison, WI 53708-8901

The request for a second review must be in writing and should provide any information you believe would cause us to reconsider the acceptance of your compromise offer.

Applicable Laws and Rules

This document provides statements or interpretations of the following laws and regulations in effect as of October 7, 2019: Sections 71.82, 71.91, 71.92, 73.03, 73.04 and 73.13, Wis. Stats.

Laws enacted and in effect after October 7, 2019, new administrative rules, and court decisions may change the interpretations in this document. Guidance issued prior to October 7, 2019, that is contrary to the information in this document is superseded by this document, pursuant to sec. 73.16(2)(a), Wis. Stats.

FOR QUESTIONS OR COMMENTS CONTACT:

MS 5-77

WISCONSIN DEPARTMENT OF REVENUE

Return Services Unit

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Email additional questions to DORCopyRequests@wisconsin.gov

Guidance Document Certification: <https://www.revenue.wi.gov/Pages/Certification-Statement.aspx>

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