

**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 - Inability to Pay - Common Questions

State of Wisconsin
Department of Revenue

Petition for Compromise of Taxes - Inability to Pay

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 do I send my completed petition?
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 am I notified if my petition is accepted?
10. What happens if my petition is accepted?
11. After I pay 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 want 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. In order 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 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 either

-  [Form A-212](#) Offer in Compromise for Wage Earners and Self-Employed Individuals, or
-  [Form A-213](#) Offer in Compromise for Business

Both forms list required verification that must be included.

These forms are also available from any Wisconsin Department of Revenue (DOR) office. You may request them in person, by telephone, or by writing us.

4. Where do I send my completed petition?

Please mail completed forms and additional required documents to the department at PO Box 8901, Madison, WI 53708-8901.

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. If you need assistance or have questions, any DOR compliance agent can answer questions you may have about completing the form.

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 list of required attachments is on the last page of the form. We reserve the right to require additional items and/or verify any information you provide through our records or third-party contacts.

7. How is my ability to pay determined?

We review a number of variables when considering your request. Some examples include 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?

We send a letter indicating that we received your completed petition or that we are requesting additional information. Once we receive a complete request, we attempt to act on it within 90 days.

Any collection actions in progress at the time your petition was received, such as wage attachments, levies, or property seizures, continue unless we believe it is in the state's best interest to stop such action(s). No new collection actions will be initiated while we review your petition. We will, however, continue to intercept state and/or federal refunds (if any) and may file new tax lien(s).

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

9. How am I notified if my petition is accepted?

We send you a written response. We may:

- o Accept your offer
- o Reject your offer but propose a counter offer
- o Reject your offer and refer you to a DOR compliance 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, usually within 10 days of acceptance, unless you request a longer term.

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

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

For most people, yes. 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 conduct a hearing with you 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 DOR 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 want 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.

If tax liens have been filed, they are not satisfied until all conditions of the compromise have been met.

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 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 review a second compromise offer differently than the first unless your financial condition has changed.

16. In order 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 can 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. Direct your request for a second review of a rejected compromise to:

MS 4-CMP-W
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 February 3, 2020: Sections 71.82, 71.91, 71.92, 73.03, 73.04 and 73.13, Wis. Stats.

Laws enacted and in effect after February 3, 2020, new administrative rules, and court decisions may change the interpretations in this document. Guidance issued prior to February 3, 2020, 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:

WISCONSIN DEPARTMENT OF REVENUE

Compliance Bureau

PO Box 8901

Madison, WI 53708-8901

Phone: (608) 266-7879

Fax: (608) 224-5790

Email additional questions to DORCompliance@wisconsin.gov

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

Guidance Document Number: 100036

February 3, 2020

[About Us](#) [Contact Us](#) [Employment](#) [Media Room](#) [Plain Language](#) [Privacy](#) [Legal](#) [Training](#)



Copyright © State of Wisconsin All Rights Reserved