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H.R.4297

Tax Increase Prevention and Reconciliation Act of 2005 (Enrolled as Agreed to or Passed by Both House and Senate)

SEC. 509. PARTIAL PAYMENTS REQUIRED WITH SUBMISSION OF OFFERS-IN-COMPROMISE.

(a) In General- Section 7122 (relating to compromises) is amended by redesignating subsections (c) and (d) as subsections (d) and (e), respectively, and by inserting after subsection (b) the following new subsection:

` (c) Rules for Submission of Offers-in-Compromise-

` (1) PARTIAL PAYMENT REQUIRED WITH SUBMISSION-

` (A) LUMP-SUM OFFERS-

` (i) IN GENERAL- The submission of any lump-sum offer-in-compromise shall be accompanied by the payment of 20 percent of the amount of such offer.

` (ii) LUMP-SUM OFFER-IN-COMPROMISE- For purposes of this section, the term `lump-sum offer-in-compromise' means any offer of payments made in 5 or fewer installments.

` (B) PERIODIC PAYMENT OFFERS-

` (i) IN GENERAL- The submission of any periodic payment offer-in-compromise shall be accompanied by the payment of the amount of the first proposed installment.

` (ii) FAILURE TO MAKE INSTALLMENT DURING PENDENCY OF OFFER- Any failure to make an installment (other than the first installment) due under such offer-in-compromise during the period such offer is being evaluated by the Secretary may be treated by

the Secretary as a withdrawal of such offer-in-compromise.

`(2) RULES OF APPLICATION-

`(A) USE OF PAYMENT- The application of any payment made under this subsection to the assessed tax or other amounts imposed under this title with respect to such tax may be specified by the taxpayer.

`(B) APPLICATION OF USER FEE- In the case of any assessed tax or other amounts imposed under this title with respect to such tax which is the subject of an offer-in-compromise to which this subsection applies, such tax or other amounts shall be reduced by any user fee imposed under this title with respect to such offer-in-compromise.

`(C) WAIVER AUTHORITY- The Secretary may issue regulations waiving any payment required under paragraph (1) in a manner consistent with the practices established in accordance with the requirements under subsection (d)(3).'

(b) Additional Rules Relating to Treatment of Offers-

(1) UNPROCESSABLE OFFER IF PAYMENT REQUIREMENTS ARE NOT MET- Paragraph (3) of section 7122(d) (relating to standards for evaluation of offers), as redesignated by subsection (a), is amended by striking ` ; and' at the end of subparagraph (A) and inserting a comma, by striking the period at the end of subparagraph (B) and inserting `, and', and by adding at the end the following new subparagraph:

`(C) any offer-in-compromise which does not meet the requirements of subparagraph (A)(i) or (B)(i), as the case may be, of subsection (c)(1) may be returned to the taxpayer as unprocessable.'

(2) DEEMED ACCEPTANCE OF OFFER NOT REJECTED WITHIN CERTAIN PERIOD- Section 7122, as amended by subsection (a), is amended by adding at the end the following new subsection:

`(f) Deemed Acceptance of Offer Not Rejected Within Certain Period- Any offer-in-compromise submitted under this section shall be deemed to be accepted by the Secretary if such offer is not rejected by the Secretary before the date which is 24 months after the date of the submission of such offer. For purposes of the preceding sentence, any period during which any tax liability which is the subject of such offer-in-compromise is in dispute in any judicial proceeding shall not be taken into account in determining the expiration of the 24-month period.'

(c) Conforming Amendment- Section 6159(f) is amended by striking `section 7122(d)' and inserting `section 7122(e)'

(d) Effective Date- The amendments made by this section shall apply to offers-in-compromise submitted on and after the date which is 60 days after the date of the enactment of this Act.