



State of California
Franchise Tax Board

FTB 4905 PIT BOOKLET
Offer in Compromise
for Individuals

Table of Contents

What You Need to Know Before You Prepare an Offer in Compromise	1
Offer in Compromise Application Form – Checklist of Required Items.	2
Section 1 – Personal Information	3
Section 2 – Employment or Business Income Information	4
Section 3 – General Financial Information	4
Section 4 – Asset and Liability Analysis	7
Section 5 – Monthly Household Income and Expense Analysis.	8
Section 6 – Three Year Income Summary	9
Section 7 – Basis for the Offer	9
Section 8 – Source of Funds	10
Section 9 – Offer Amount	10
Section 10 – Statement of Agreement	10
Frequently Asked Questions.	12

An Offer in Compromise (OIC) provides an alternative for individuals who are unable to pay their outstanding California income tax liabilities, and who won't be able to in the foreseeable future.

What You Need to Know Before Preparing an Offer in Compromise

- Eligibility:** If you are an individual without the income, assets, or means to pay your tax liability now or in the foreseeable future, you may be eligible for an OIC. The OIC Program allows you to offer a lesser amount for payment of a nondisputed final tax liability.
- Generally, we approve an OIC when the amount offered represents the most we can expect to collect within a reasonable period of time.
- Although each case is evaluated based on its own unique set of facts and circumstances, we give the following factors strong consideration in the evaluation:
- Your ability to pay.
 - Your equity in assets.
 - Your present and future income.
 - Your present and future expenses.
 - The potential for changed circumstances.
 - The offer is in the best interest of the state.
- Your Application:** We will only process your OIC application once you:
- File all required tax returns. If you have no filing requirement, note it on the application.
 - Fully complete the OIC application and provide all supporting documentation.
 - You agree with the Franchise Tax Board (FTB) on the amount of tax you owe.
- Collateral Agreement:** Upon approval of your offer, we may require you to enter into a collateral agreement. If you have a significant potential for increased earnings, we may require that you pay a greater portion or all of your original tax liability if you earn more than anticipated during the five year period following FTB's approval of your OIC.
- Collection Activity:** Submitting an offer does not automatically suspend collection activity. If delaying collection activity jeopardizes our ability to collect the tax, we may continue collection efforts. Interest, fees, and penalties continue to accrue as prescribed by law.
- When to pay:** Do not submit the offer amount until we request it. When we ask for the funds, submit them by cashier's check or money order.



STATE OF CALIFORNIA
 OIC GROUP MS A453
FRANCHISE TAX BOARD
 PO BOX 2966
 RANCHO CORDOVA CA 95741-2966
 916.845.4787 (not toll-free)
ftb.ca.gov

OFFER IN COMPROMISE APPLICATION FORM

Checklist of Required Items

You must submit the following documentation with your Offer in Compromise Application Form or we will return your application as incomplete. You must include the information for you and your spouse/Registered Domestic Partner (RDP). Please submit copies only. Indicate if any of the items below are not applicable (N/A). We may request additional documentation.

- | N/A | Included | |
|--------------------------|--------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | Verification of Income
Complete pay stubs for the past three months, or financial statements for the past two years if self-employed. Include any investment or ownership in any business entity or trust, and income derived from these sources (dividends, K-1 income, distributions, etc.). |
| <input type="checkbox"/> | <input type="checkbox"/> | Verification of Expenses
Billing statements for the last three months. (Include copies of revolving charge card statements, bills from other creditors, and personal loan statements.) |
| <input type="checkbox"/> | <input type="checkbox"/> | Bank Information
Complete bank statements for savings and checking accounts for the last six months. If self-employed, provide bank statements for the last twelve months. Include accounts that have been closed during that period. |
| <input type="checkbox"/> | <input type="checkbox"/> | Securities
Investment account statements showing the value of stocks, bonds, mutual funds, and/or retirement or profit sharing plans, e.g., IRA, 401(k), Keogh, or Annuity. |
| <input type="checkbox"/> | <input type="checkbox"/> | Current Lease or Rental Agreements |
| <input type="checkbox"/> | <input type="checkbox"/> | Real Property Information
Mortgage statements and escrow statements for property you currently own, sold, or gave away in the last five years. |
| <input type="checkbox"/> | <input type="checkbox"/> | Internal Revenue Service (IRS) Information
IRS OIC application and acceptance letter or other IRS arrangements. |
| <input type="checkbox"/> | <input type="checkbox"/> | Legal Documents
Marital settlement agreements, divorce decrees, marital property settlements, trust documents, and bankruptcy documents. |
| <input type="checkbox"/> | <input type="checkbox"/> | Medical Information
Physician's letter including diagnosis and prognosis and/or other documents to show any medical condition that should be considered. |
| <input type="checkbox"/> | <input type="checkbox"/> | Power of Attorney
Power of Attorney if a designated representative submits this offer. |

Mail your completed and signed application to the address listed above.

If you have any questions, contact the OIC group at 916.845.4787 (not toll-free).

Note: Complete all areas that are not shaded. Write "n/a" in those blocks that do not apply. For Privacy Notice information, please read the enclosed FTB 1131. To get additional copies of this notice, call us at 800.338.0505; from outside the United States call 916.845.6600 (not toll-free) or download it at ftb.ca.gov.

Section 1 – Personal Information

First name	MI	Last name	Social security number	Date of birth
------------	----	-----------	------------------------	---------------

Other names and aliases ever used

First name of spouse or Registered Domestic Partner (RDP)	MI	Last name of spouse or RDP	Social security number	Date of birth
---	----	----------------------------	------------------------	---------------

Other names and aliases ever used

Taxpayer's driver's license number	State	Spouse or RDP driver's license number	State
------------------------------------	-------	---------------------------------------	-------

Dependent's names	Date of birth	Social security number	Relationship
.....			
.....			

Current mailing address	Phone number () Cell phone number ()
-------------------------	---

Current physical address	Previous address if at current address less than two years
--------------------------	--

Name and address of your tax representative (attach a Power of Attorney)	Phone number () Cell phone number () Fax phone number ()
--	--

Section 2 – Employment or Business Income Information

Taxpayer's employer or business (name and address): Business phone number: ()	How long employed: _____ Years _____ Months Occupation: _____ <input type="checkbox"/> Wage earner <input type="checkbox"/> Sole proprietor <input type="checkbox"/> Partner <input type="checkbox"/> Officer Paid: <input type="checkbox"/> Weekly <input type="checkbox"/> Biweekly <input type="checkbox"/> Monthly <input type="checkbox"/> Semimonthly
Spouse's or RDP's employer or business (name and address): Business phone number: ()	How long employed: _____ Years _____ Months Occupation: _____ <input type="checkbox"/> Wage earner <input type="checkbox"/> Sole proprietor <input type="checkbox"/> Partner <input type="checkbox"/> Officer Paid: <input type="checkbox"/> Weekly <input type="checkbox"/> Biweekly <input type="checkbox"/> Monthly <input type="checkbox"/> Semimonthly

Section 3 – General Financial Information

Bank accounts: (include IRA and retirement plans, certificates of deposit, etc.). Attach additional pages if needed.

Name of Institution	Address	Type	Date Opened	Account Number	Balance
Total. Enter this amount on line 2, Section 4 (Asset and Liability Analysis) of this application . . .					

Vehicles: Attach additional pages if needed.

Year, Make, Model, License Number	Lender/Pink Slip Holder	Current Market Value	Current Payoff	Available Equity
Total. Enter this amount on line 3, Section 4 (Asset and Liability Analysis) of this application . . .				

Section 3 – General Financial Information (continued)

Life insurance. Attach additional pages if needed.

Name of Insurance	Agent's Name and Phone Number	Policy Number	Type	Face Amount	Loan/Cash Surrender Value
Total. Enter this amount on line 4, Section 4 (Asset and Liability Analysis) of this application . . .					

Securities. (Stocks, bonds, mutual funds, money market funds, etc.) Attach additional pages if needed.

Type	Where Located	Owner of Record	Quantity or Denomination	Current Value
Total. Enter this amount on line 5, Section 4 (Asset and Liability Analysis) of this application . .				

Safe deposit boxes rented or accessed locations, box numbers, and contents. Attach additional pages if needed.

Name of Institution	Address	Box Identification	Current Value of Assets
Total. Enter this amount on line 6, Section 4 (Asset and Liability Analysis) of this application . .			

Real property. Attach additional pages if needed.

A) Physical address and description: (Single family dwelling, multi-family dwelling, lot, etc.)	Mortgage lender's name and address:
	How is title held: _____
	Purchase Price: _____
Parcel Number: _____	Purchase Date: _____
B) Physical address and description: (Single family dwelling, multi-family dwelling, lot, etc.)	Mortgage lender's name and address:
	How is title held: _____
	Purchase Price: _____
Parcel Number: _____	Purchase Date: _____

Section 3 – General Financial Information (continued)

C) Physical address and description: (Single family dwelling, multi-family dwelling, lot, etc.) _____ _____ _____ _____ Parcel Number: _____	Mortgage lender's name and address: _____ _____ _____ How is title held: _____ Purchase Price: _____ Purchase Date: _____
---	---

Charge cards and lines of credit. Attach additional pages if needed.

Type of Account	Name and Address of Creditor Grantor	Minimum Monthly Payment	Credit Limit	Credit Availability	Amount Owed
Total Payments. Enter total of payments on line 61, Section 5 of this application.			Total Owed. Enter total owed on line 22, Section 4 of this application. ...		

Provide the following information relating to you and your spouse/RDP's financial condition. If you check "Yes", provide dates, explanation, and documentation.

Court proceedings	<input type="checkbox"/> No	<input type="checkbox"/> Yes	_____
Repossessions	<input type="checkbox"/> No	<input type="checkbox"/> Yes	_____
Anticipated increase in income	<input type="checkbox"/> No	<input type="checkbox"/> Yes	_____
Bankruptcies/receiverships	<input type="checkbox"/> No	<input type="checkbox"/> Yes	_____
Recent transfer of assets	<input type="checkbox"/> No	<input type="checkbox"/> Yes	_____
Beneficiary to trust, estate, profit sharing, etc. .	<input type="checkbox"/> No	<input type="checkbox"/> Yes	_____
Last California income tax return filed	Year	_____	_____
Total exemptions you claim from return:	_____	_____	_____
Adjusted gross income from return:	_____	_____	_____

List any vehicles, equipment, or property sold, given away, or repossessed during the past five years.

Description (Year, make, model of vehicle, or property address)	Who Took Possession	Value

Section 4 – Asset and Liability Analysis

Immediate assets

- 1. Cash. _____
 - 2. Bank accounts/balance (from Section 3) _____
 - 3. Vehicles/available equity (from Section 3) _____
 - 4. Loan/cash surrender value of life insurance (from Section 3) _____
 - 5. Securities (from Section 3). _____
 - 6. Safe deposit box value of contents (from Section 3) _____
- Total Immediate Assets** _____

Real property (from Section 3)

Address or Location	Current Market Value	Mortgage Payoff Amount	Equity
7. A)			
8. B)			
9. C)			
Total Equity			

Other assets

- 10. Notes _____
 - 11. Accounts receivable. _____
 - 12. Judgements/settlements receivable. _____
 - 13. Aircraft, watercraft _____
 - 14. Interest in trusts, e.g., trustee, trustor, beneficiary, etc. _____
 - 15. Interest in estates. _____
 - 16. Interest in business entities _____
 - 17. Other assets _____
 - 18. Other assets _____
 - 19. Other assets _____
 - 20. Other assets _____
- Total Other Assets**. _____

21. Sum Total of Assets (Immediate, Equity, and Other). _____

Current liabilities including judgements, notes and other charge accounts. Do **not** include vehicle or home loans.

- 22. Total owed for lines of credit (from Section 3) _____
 - 23. Taxes owed to IRS (provide a copy of recent notices) _____
 - 24. Other liabilities _____
 - 25. Other liabilities _____
 - 26. Other liabilities _____
 - 27. Other liabilities _____
- Total Liabilities** _____

Section 5 – Monthly Household Income and Expense Analysis

Income	Gross	Net	FTB use only
28. Wages/salaries (taxpayer)	_____	_____	_____
29. Pension (taxpayer)	_____	_____	_____
30. Overtime/bonuses/commissions (taxpayer)	_____	_____	_____
31. Wages/salaries (spouse/RDP)	_____	_____	_____
32. Pension (spouse/RDP)	_____	_____	_____
33. Overtime/bonuses/commissions (spouse/RDP)	_____	_____	_____
34. Business income	_____	_____	_____
35. Rental income	_____	_____	_____
36. Interest/dividends/royalties (average monthly)	_____	_____	_____
37. Payments from trust/partnerships/entities	_____	_____	_____
38. Child support	_____	_____	_____
39. Alimony	_____	_____	_____
40. Unemployment	_____	_____	_____
41. Disability	_____	_____	_____
42. Social Security	_____	_____	_____
43. Other household income	_____	_____	_____
Total Monthly Net Income			_____

Expenses	Amount	FTB use only
44. Rent/mortgage	_____	_____
45. Real estate taxes	_____	_____
46. Home insurance () Association fees ()	_____	_____
47. Groceries, number of people ()	_____	_____
48. Utilities	_____	_____
49. Electric () & Phone ()	_____	_____
50. Gas () & Water ()	_____	_____
51. Trash () & Sewer ()	_____	_____
52. Auto payments	_____	_____
53. Auto insurance	_____	_____
54. Gasoline, number of miles to work ()	_____	_____
55. Life/health insurance (if not deducted from paycheck)	_____	_____
56. Medical payments (not covered by insurance)	_____	_____
57. Estimated tax payments (if not deducted from paycheck)	_____	_____
58. Court-ordered payments (alimony, child support, restitution)	_____	_____
59. Garnishments (if not deducted from your paycheck)	_____	_____
60. Delinquent tax (taxes not owed to FTB)	_____	_____
61. Credit card payments	_____	_____
62. Other expenses _____	_____	_____
63. Other expenses _____	_____	_____
Total Monthly Expenses		_____
64. Difference Between Net Income and Expenses	_____	_____

Section 6 – Three-Year Income Summary

Gross Household Income

Source	Year: ()	Year: ()	Current Year to Date
Wages/salaries (taxpayer)	_____	_____	_____
Pension (taxpayer)	_____	_____	_____
Overtime/bonuses/commissions (taxpayer)	_____	_____	_____
Wages/salaries (spouse/RDP)	_____	_____	_____
Pension (spouse/RDP)	_____	_____	_____
Overtime/bonuses/commissions (spouse/RDP)	_____	_____	_____
Business income	_____	_____	_____
Rental income	_____	_____	_____
Interest/dividends/royalties (average monthly)	_____	_____	_____
Payments from trust/partnerships/entities	_____	_____	_____
Child support	_____	_____	_____
Alimony	_____	_____	_____
Unemployment	_____	_____	_____
Disability	_____	_____	_____
Social Security	_____	_____	_____
Other income _____	_____	_____	_____
Other income _____	_____	_____	_____
Other income _____	_____	_____	_____
Other income _____	_____	_____	_____
Totals	_____	_____	_____

Section 7 – Basis for the Offer

The following facts and reasons are submitted as grounds for acceptance of this offer. Attach additional pages if needed.

Section 8 – Source of Funds

If any or all of the amount being offered is from a loan, please provide the following information:

Lender's name	Total amount of the loan _____
------------------------	--------------------------------

If any or all of the amount being offered is from a gift, please provide the following information:

Gift donor's name	Total amount of the gift _____
	Relationship to taxpayer _____

Describe sources of offered funds other than a loan or a gift

.....

.....

If this OIC is denied, FTB is to:

- Retain any offer funds and credit it to the current tax liability.
- Return the offer funds.

Section 9 – Offer Amount

Amount Owed to FTB: _____ Tax Years: _____

The lump sum of: _____ is offered in compromise. An FTB representative will instruct you when to mail the offer amount. **Do not send any funds now.**

Section 10 – Statement of Agreement

I understand that FTB considers the offer and acts upon it timely. It does not relieve me of the liability FTB seeks to be compromised until FTB accepts the offer and I fully comply with all agreements.

Except for any amount I deposit in connection with this offer, I agree that FTB retain all payments and credits made to the account for the periods this offer covers.

I also agree that upon notice of the acceptance of the offer, I shall have no right to contest in court or otherwise the amount of the liability sought to be compromised. No liability will be compromised until I and or any jointly liable party completely perform all obligations under the compromise agreement or collateral agreement.

Pursuant to Revenue and Taxation Code Section 19443, the terms and conditions for acceptance of my offer include, but are not limited to, requirements that I file returns and pay all tax liabilities in a timely manner in the future. Failure to comply with these requirements may result in rescission of my OIC. In the event of a default by me on the approved offer, I agree that FTB may disregard the amount of the offer and retain all amounts previously deposited under the offer and proceed to collect the balance of the original liability, including accrued interest, fees, and penalties.

Additionally, I authorize the FTB to obtain my consumer credit report and to investigate and verify the information I provided on this application.

Under penalty of perjury, I declare that I have examined the information given in this statement and all other documents included with this offer and, to the best of my knowledge and belief, they are true, correct, and complete.

Your signature	Date	Spouse's or RDP's signature	Date
----------------	------	-----------------------------	------

Frequently Asked Questions

- 1. What is considered a fair offer in relation to the amount due?**
Generally, an offer will be accepted when the amount offered is the most we can expect to collect within a reasonable period of time.
- 2. How long will it take to get a decision on my OIC?**
Generally, if we accept your offer for processing, we will provide a decision to you within 90 days after receiving your offer. If your account is complex or additional information is required, it may take longer than 90 days.
- 3. Can I make payments on the offered amount?**
No, we require a lump-sum payment of the offered amount.
- 4. Can I apply prior payments to the offered amount?**
We cannot apply prior payments toward the offered amount. However, we consider prior payments and the offered amount compared to the total liability when evaluating your offer.
- 5. My IRS OIC has been accepted. Will FTB automatically approve my offer?**
No, we evaluate your offer separately.
- 6. If my offer is not acceptable, will I be contacted?**
Yes, we contact you to discuss your account and to determine the most appropriate resolution. For example, if it is determined that you will have the ability to make monthly payments that exceed the amount you offer, we work with you to establish an installment agreement.
- 7. Will you release state tax liens if you accept my offer?**
We release FTB state tax liens upon final approval of your OIC.
- 8. Do I need to have someone represent me?**
We do not require that you have representation. The OIC Program is available to all taxpayers, whether or not they have representation.
- 9. Can I get relief from the tax liability by filing bankruptcy?**
If this is a consideration, you may want to seek your own legal advice.
- 10. Can I apply for an OIC if I have no funds to offer?**
No, we will not accept a zero dollar offer. Your offer must represent the most we can expect to collect over a reasonable period of time and be in the states best interest to accept.
- 11. What is a collateral agreement?**
A collateral agreement is a contractual agreement between you and FTB. By signing the agreement, you agree to pledge to us a percentage of your income that exceeds an agreed-upon threshold. Generally, the collateral agreement period is five years. We will make that determination in reviewing your application and financial information provided to us.
- 12. If you approve my offer, will I have to sign a collateral agreement?**
Generally, we do not require a collateral agreement if you are on a fixed income or have limited potential for an increase in income.
- 13. Can I complete one application if I owe the Employment Development Department, the Board of Equalization, or the Franchise Tax Board?**
To relieve some of the paperwork burden for taxpayers or their representatives, the state's three taxing agencies developed a single offer in compromise application. Individual taxpayers can use OIC Multi-Agency Application (DE 999CA) to apply with any or all of the three agencies.

