

# Form OR-SOA

## Settlement Offer Application Instructions

### General information

#### Introduction

Some taxpayers owe more tax than they can pay. If you're in this situation, we may be able to help you settle your tax debt by paying less than you owe. This is called a settlement offer.

The settlement offer process isn't easy and it won't work for everyone; however, it may be worth applying for if you can prove you don't have enough money to pay it off.

#### Conditions for qualifying

To qualify for a settlement offer, you must meet **all** of these conditions:

- You're not appealing any tax debts.
- You must have filed all required Oregon tax returns for all tax years and all tax types.
- You haven't completed another settlement offer since October 1, 2001.
- You must show that you cannot sell assets or borrow against them to pay your tax debt.
- You must show that you don't have enough monthly income or assets to pay your tax debt in full.
- You're not in bankruptcy or in litigation.

#### Before you start

It will take you at least **three hours** to complete the application. You must locate and copy many documents (bank statements, pay stubs, lease agreements, deeds, etc.) to include with your application (see application checklist, page 3).

Not everyone who applies for a settlement offer will qualify. To determine your chances, ask yourself these questions:

1. Do you receive Social Security income, Social Security disability, pension payments, or public assistance?
2. Are you over age 60?
3. Are your total assets worth more than \$5,000?
4. Is your only asset your home?
5. Is your tax debt older than seven years?

If you answered yes to two or more questions, call 503-945-8254 for more information. Otherwise, continue filling out the settlement offer application.

#### What to include in your settlement offer

It **must** include:

- The completed and signed application. If your offer isn't signed, we'll return it without processing. You may resend the signed offer.
  - All supporting documentation (see checklist, page 3).
  - Offer must follow settlement offer calculations on Form OR-SOA, *Settlement Offer Application*, 150-101-157, Section 6, page 7, or offer may be denied.
  - A nonrefundable payment that is 5 percent of the settlement offer amount. Payment must be money order, cashier's check, or cash.
  - If you don't include payment, we'll return your offer without processing it. You may re-send the application with your payment.
  - If you want someone to represent you for the settlement offer process, you can access the following forms on our website at [www.oregon.gov/dor/forms/pages/default.aspx](http://www.oregon.gov/dor/forms/pages/default.aspx):
    - Form OR-AUTH-REP, *Authorization to Represent*, 150-101-101.
- or
- Form OR-AUTH-INFO, *Authorization to Receive Tax Information*, 150-101-100.

You can include either form with your settlement offer packet when you submit it.

#### What to expect after you submit your application

- If your application is complete, we'll review it and usually accept or deny it within 30 days. We'll notify you in writing of our decision.

If your application is incomplete or inaccurate, we may send it back to you or ask you to send us more information. This will delay our review.

- **We'll continue collection action on your debt** while we review your application. Such action may include garnishing your wages, placing property liens, and seizing property.

#### Settlement offer acceptance

- If we accept your settlement offer, you must pay the amount in full within 30 days.
- If you can't pay the entire amount at one time, you may ask for a payment plan to pay it off in 12 equal monthly payments.

- We'll accept credit or debit card, check, money order, cashier's check, or cash.
- You can never have another settlement offer.

### Settlement offer denial

If we deny your settlement offer:

- You can't appeal our decision.
- We'll apply your 5 percent payment to your tax debt.
- You may file another application with a 5 percent payment.

## Frequently asked questions

### Do I need an accountant or attorney to help me?

You can probably complete the form on your own. If you need help, your assigned revenue agent or settlement offer agent can answer your questions.

### Who reviews my application?

A settlement offer agent will review your application.

### If I have questions, who should I call?

You can call the revenue agent assigned to your case or ask for a settlement offer agent, 503-945-8254.

### What do I send with my application?

Please see the checklist, page 3.

### What if my financial condition changes after you approve my settlement offer?

It won't affect the terms of the offer. However, if the change is due to information you omitted or misstated on your application, you may be in default.

### If I file all my returns on time, can I make payments on tax I may owe?

You must pay taxes due within 90 days from the date on the billing notice we'll send you.

### If you deny my application, may I submit another settlement offer?

Yes. Make sure to include all supporting documentation and another 5 percent payment.

### Will you apply prior payments to my offer amount?

No. We apply any payments you make before or during the settlement offer review process to your total tax debt.

### How long will it take you to make a decision?

If your application is complete, we'll usually make a decision within 30 days from the day we receive your application.

### When I pay off the offer amount, will you release property liens?

No. The lien will be released once the three year compliance period has ended, at which point the settlement offer process is complete. Contact the county in which your property is located for a copy of the lien release. It takes about 45 days to release the lien.

### Are there any expenses that may not be allowed in determining my disposable income?

Yes. We typically don't allow you to claim college tuition, voluntary retirement contributions, payments on unsecured debts such as credit cards, and other similar expenses.

### How is my inability to pay in full determined?

We will look at property you own; past, present, and future earning potential; your present lifestyle; your ability to borrow; and any other factors that might be helpful in making a decision.

## Application instructions

- You must complete all sections.
- Don't fill in shaded boxes.
- Attach additional pages if necessary.
- Print clearly.

### Section 1. Personal information

Fill out completely and include all members of your household.

### Section 2. Employment information

There are two sections: one for your employment information and one for your spouse/registered domestic partner (RDP) employment information.

Provide the name of your employer, or the name of your business if you're self-employed.

Check the "paid" box that applies to how frequently you get a pay check.

**Important:** Include the number of allowances you claim on your most recent W-4 form.

### Section 3. General financial information—personal and business

**Bank accounts.** List all bank accounts. For the total dollar amount in your accounts, add together only those accounts with positive balances.

**Important:** For any bank accounts with negative balances, enter \$0.

**Example:** Bob has three bank accounts:

1. Checking account 1	\$400.00
2. Checking account 2	-\$100.00
3. Savings account	\$600.00

He lists all three accounts and enters \$0 in the balance column for checking account 2. The total of his bank accounts is \$1,000; not \$900.

**Personal property.** If you own a business, include only personal property not used in your business.

**Credit cards and unsecured lines of credit.** We don't allow these expenses when we determine your ability to pay.

**Other financial information.** Include any court proceedings that resulted in or may result in a financial judgment in your favor.

## Section 4. Assets and liability analysis

**Lines 2–9.** Enter totals from Section 3.

**Lines 18–19.** Don't include everyday household items such as clothing, furniture, appliances, etc.

**Lines 21–23.** Include properties listed in Section 3. To determine current property value, use the real market value (RMV) from your most recent property tax statement.

**Line 28.** Include unsecured credit balance from Section 3 only if you filled it in.

**Lines 30–32.** Explain other debts and provide supporting documentation.

## Section 5. Monthly income and expense analysis

• **Important**—If you work on commission or own a business, we may ask you for more than three months pay stubs.

Fill in gross and net amounts, except where boxes are shaded.

**Line 51–53.** Explain other income and provide supporting documentation.

**Lines 55–65.** Provide proof of monthly payments for each expense.

**Lines 71–80.** Provide proof of monthly payments for each business-related expense.

## Section 6. Settlement offer calculations

**Line 84.** Disposable income formula.

**Example:** Anne's net disposable income from line 82 is \$1,500. She enters \$1,500 on line 83 and multiplies it by 12.0.

$$\$1,500 \times 12.0 = \$18,000$$

She enters \$18,000 on line 84.

**Line 86.** Assets and equity formula.

**Example:** Anne's total value of all immediate assets and real property equity from line 27 is \$3,000. She enters that on line 85 and multiplies it by 0.75.

$$\$3,000 \times 0.75 = \$2,250.$$

She enters \$2,250 on line 86.

**Line 87.** Add lines 84 and 86 to get your settlement offer amount.

**Line 88.** Submit a 5 percent nonrefundable payment with your application (whole dollar amount only).

**Example:** Anne adds her disposable income formula amount of \$18,000 (line 84) to her assets and equity formula amount of \$2,250 (line 86).

$$\$18,000 + \$2,250 = \$20,250.$$

## Settlement offer application checklist

You must include the following information with your application. If you don't, we may return it without processing, or ask you for more documentation.

- All tax debt you owe.
  - You (and your spouse/RDP, if applying jointly) must sign the taxpayer agreement and authorization to use credit reports on Form OR-SOA, *Settlement Offer Application*, 150-101-157, page 9.
  - A nonrefundable payment that is 5 percent of the settlement offer amount. Payment must be money order, cashier's check, or cash.
  - If needed, include one of the following forms for representation or authorization to receive tax information:
    - Form OR-AUTH-REP, *Authorization to Represent*, 150-101-101.
- or
- Form OR-AUTH-INFO, *Authorization to Receive Tax Information*, 150-101-100.

## Verification of all income sources

To verify your household income, you must include:

- Complete bank statements for the last three months for all checking and savings accounts.

- Pay stubs for at least the last three months.
- Documentation of other income sources for the last three months. For example, Social Security, disability, child support, alimony, commissions, etc.

**Verification of all expenses**

You must verify your household expenses. We accept:

- Copies of cancelled checks (front **and** back).
- Documents showing payments on court-ordered debts.
- Billing statements showing payments.
- Receipts of payments.

**Self-employed or business owners**

If you're self-employed or a business owner, you must include:

- A profit/loss statement from your business showing all activity for the current year.

- Bank statements for the last **six months** for all business checking and savings accounts.
- A general ledger showing business expenses actually paid for the current year.
- Statements for loans you claimed as business expenses.

**Verification of Assets**

- You must include all property owned for personal or business use.
- Include all county value documents.
- Include most current mortgage balance statement (if currently financing).

**Have questions? Need help?**

**Internet**

**www.oregon.gov/dor**

- Download forms, instructions, and publications.
- Check your refund status.
- Make payments.
- Find out how much you owe.

**Email or write**

**General: questions.dor@dor.oregon.gov**

**Settlement offers:  
settlement.offer@dor.oregon.gov**

Oregon Department of Revenue  
955 Center St NE  
Salem OR 97301-2555

- Include your name and daytime phone number.
- Include the last four digits of your SSN or ITIN.

**Printed forms or publications:**

Forms  
Oregon Department of Revenue  
PO Box 14999  
Salem OR 97309-0990

**Phone**

**Settlement offers..... 503-945-8254**

**Salem area or outside Oregon..... 503-378-4988**  
**Toll-free from an Oregon prefix..... 800-356-4222**

- Check your refund status.
- Order forms, instructions, and publications.
- Listen to recorded information.
- Speak with a representative:

Monday–Friday..... 7:15 a.m.–5 p.m.  
*Closed holidays. Wait times may vary.*

**Americans with Disabilities Act (ADA):** Contact us for ADA accommodations or assistance in other languages.

**Asistencia en español:**

En Salem o fuera de Oregon ..... 503-378-4988  
Gratis de prefijo de Oregon..... 800-356-4222

Comuníquese con nosotros para solicitar adaptaciones de la ADA (Ley sobre Estadounidenses con Discapacidades) o asistencia in otros idiomas.

**preguntas.dor@dor.oregon.gov**

**In person**

Find directions and hours on our website.