

# Offer in Compromise Based on a Doubt as to Collectability for an Open Business

Issued under authority of Public Act 122 of 1941 and Public Act 240 of 2014.

**NOTE:** If filing an Offer in Compromise request for a **CLOSED** business, you must file the *Offer in Compromise Based on Doubt as to Collectability for Individual(s)* (Form 5181CI). Do not use this form. **(You must file a “Notice of Change or Discontinuance” (Form 163) before submitting an Offer in Compromise.)**

To submit an Offer in Compromise, all eligibility requirements must be met. See the Guidelines for Offer in Compromise Program at [www.michigan.gov/OIC](http://www.michigan.gov/OIC). If you do not meet all eligibility requirements, your submission may be ineligible.

You **must** include the initial offer payment of \$100.00 or 20% of your offer, **whichever is greater**, with your Offer in Compromise or pay online at [www.michigan.gov/collectionseservice](http://www.michigan.gov/collectionseservice).

Taxpayer’s signature is required in “Part 5: Taxpayer Certification” upon submitting your offer in compromise.

A taxpayer requesting a Michigan Offer in Compromise based on Doubt as to Collectability must submit the following items before their submission can be reviewed and be considered complete.

**You must include all applicable attachments listed below.**

- A copy of the current year federal income tax return, including all schedules and attachments, or your submission may be considered ineligible.
- Record of officer compensation paid, including IRS Form 1125-E Compensation of Officers.
- If an asset is used as collateral on a loan, include copies of the most recent statement from lender(s) indicating monthly payments, loan payoffs, and balances.
- Copies of the most recent statements from lenders on loans, mortgages (including second mortgages), monthly payments, loan payoffs, and balances.
- Copies of the most recent statement of outstanding notes receivable.
- If you would like to designate a third party representative, include an *Authorized Representative Declaration (Power of Attorney)* (Form 151).

PART 1: OPEN BUSINESS INFORMATION			
Business Name/DBA		FEIN, ME or TR Number	
Street Address	City	State	ZIP
Mailing Address (if different from above or Post Office Box number)	City	State	ZIP
County of Business Location	Primary Contact Number	Secondary Contact Number	Fax Number
Description of Business			
Bus. Structure (LLC, Partnership, etc.)	Does business engage in e-commerce? <input type="checkbox"/> Yes <input type="checkbox"/> No	Business Web Site	
Is the business located at a residence? <input type="checkbox"/> Yes <input type="checkbox"/> No	Is this business a state contractor? <input type="checkbox"/> Yes <input type="checkbox"/> No		
Does the business use a payroll service provider? <input type="checkbox"/> Yes <input type="checkbox"/> No	Does the business hold a liquor license? <input type="checkbox"/> Yes <input type="checkbox"/> No		
Has business been located outside the U.S. for at least 6 months in the last 10 years? <input type="checkbox"/> Yes <input type="checkbox"/> No	Does the business have any funds being held in trust by a third party? <input type="checkbox"/> Yes <input type="checkbox"/> No		
Is this business currently under bankruptcy court jurisdiction? <input type="checkbox"/> Yes <input type="checkbox"/> No	Case number, if under bankruptcy court jurisdiction		

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FOR TREASURY OFFICE USE ONLY	
Date Offer in Compromise Payment Received	Amount of Initial Offer in Compromise Payment

FEIN, ME or TR Number

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**PART 2: OFFER AND PAYMENT TERMS**

Fill in the total amount you are offering to pay, the initial offer payment amount included with this Offer in Compromise request, and the remaining offer balance below. Then select the proposed method of payment of the remaining offer balance if the Offer in Compromise is accepted.

You **MUST** include an initial offer payment of 20% of the total offer amount or \$100, **whichever is greater**. This is a nonrefundable payment that will be applied to the outstanding balance of the tax debt owed. All payments must be in U.S. dollars. Do not send cash. Do not combine with any other tax payments, as this may delay processing of your offer. (See instructions for a mailing address and other payment details.)

1. Total Offer in Compromise amount.....	1.	\$	This is the amount you are offering to pay and not the actual total liability.
2. <b>Initial Offer Payment.</b> Enter 20% of the Total Offer in Compromise amount from Line 1 or \$100, <b>whichever is greater</b> .....	2.	\$	This nonrefundable initial offer payment <b>must be</b> included with the Offer in Compromise. (See "Initial Offer Payment Method" below.)
3. <b>Remaining Offer Balance.</b> Subtract line 2 from line 1.....	3.	\$	If the Offer in Compromise is accepted, the remaining offer balance must be paid in a lump sum or via installment.

**Initial Offer Payment Method**

- Check if the initial offer payment from line 2 is included with this Offer in Compromise.
- Check if the initial offer payment from line 2 was made online at [www.michigan.gov/collectionsservice](http://www.michigan.gov/collectionsservice), and enter payment amount, the 14-digit confirmation number from the payment receipt, and payment date below.

Payment Amount	Confirmation Number	Date
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**Remaining Offer Balance Payment**

- Lump sum** — Check if payment of the remaining balance will be made within 30 days of the date the Offer in Compromise is accepted.  
**NOTE:** Failure to make the lump sum payment within 30 days of the date of acceptance of the offer may result in the Offer in Compromise being revoked and the entire compromised tax debt reinstated.
- Installment plan of 5 (or fewer) months** — Check box if payment of the remaining offer balance will be made over a period of 5 or fewer months from the date the Offer in Compromise is accepted. The payments must be in equal amounts. Complete the table below detailing the amount of each payment. **The first payment is due within 30 days of acceptance.**

**Installment Details for Payment of 5 (or Fewer) Months**

Amount of payment 1	\$	payable within 30 days after acceptance
Amount of payment 2	\$	payable within 60 days after acceptance
Amount of payment 3	\$	payable within 90 days after acceptance
Amount of payment 4	\$	payable within 120 days after acceptance
Amount of payment 5	\$	payable within 150 days after acceptance

**Failure to make the monthly payments** agreed to may result in the Offer in Compromise being revoked and the entire tax debt reinstated.

- Installment plan of 6 months or more (not to exceed 24 months)** — Check if payment of the remaining balance will be made over a period of 6 months or more, not to exceed 24 months, after the date the Offer in Compromise is accepted. The payments must be in equal amounts. Complete the table below detailing the amount of each payment and the number of months needed to complete all payments. **The first payment is due within 30 days of acceptance.**

**Installment Details for Payment of 6 Months or More (Not to Exceed 24 Months)**

Amount to be paid each month	Total number of months
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**Failure to make the monthly payments** agreed to may result in the Offer in Compromise being revoked and the entire tax debt reinstated.

**PART 3: SOURCE OF FUNDS**

Indicate where you will obtain the funds to pay your offer. Be specific as to the source and the amount. For example, if borrowing from family or friends, obtaining a loan from a bank or lender, or withdrawing from or liquidating a 401(K) or IRA account, provide detailed information regarding the source and the amount.

**PART 4: OFFER TERMS AND CONDITIONS**

**NOTE: In the following agreement, the pronoun “we” may be assumed in place of “I” when there are joint liabilities and both parties are signing this Offer in Compromise.**

By submitting this offer, I have read, understand and agree to the following terms and conditions:

- a) I voluntarily submit all payments made on this offer.
- b) Treasury will apply the amount paid with this offer to the outstanding balance of the tax debt owed. Treasury will not return or refund the amount paid with this offer whether the offer is accepted or rejected, or if I withdraw the offer. The date Treasury receives the offer remittance will be considered the date of payment.
- c) Treasury will keep all payments and credits made, received, or applied to the total original tax debt before the Offer in Compromise is received by Treasury. None of the payments or credits received by Treasury prior to the submission of the offer may be included as part of the offer amount.
- d) Treasury may amend your offer by issuing an addendum. This amended offer will be based on documentation submitted with your offer in compromise and additional documentation provided or available.
- e) I remain responsible for the full amount of the tax debt, unless and until Treasury accepts the offer in compromise in writing and I have met all of the terms and conditions of the offer in compromise.
- f) Any compromise with Treasury is subject to continuing review by Treasury. Treasury may revoke any compromise made and may reestablish the full compromised tax debt, plus any accrued interest and penalty, without regard to any statute of limitations that otherwise may apply if any one of the following occurs:
  - o Treasury determines that I concealed from Treasury any property, assets or income to induce a compromise.
  - o Treasury determines that I, with the intent to mislead, withheld, destroyed, mutilated, or falsified any book, document, or record or made a false statement relating to my or another person’s estate or financial condition to induce a compromise.
  - o Treasury determines that I withheld changes to income or expenses – either during the request for an offer in compromise or after an offer is accepted – that would alter the circumstances of my ability to pay a tax debt.
  - o I fail to comply with any of the terms and conditions relative to the Offer in Compromise or fail to file subsequent required returns and pay subsequent final tax liabilities within 20 days after Treasury issues a notice and demand to file or pay the tax.

If Treasury revokes an Offer in Compromise, the amount of the compromised tax debt will become due and payable, and Treasury may immediately undertake all actions authorized by law to collect the remaining balance of the tax debt.

- g) Treasury will not levy against property to collect the tax debt sought to be compromised while the offer in compromise is pending review unless Treasury determines that the offer is intended to delay collection of the tax debt or Treasury has issued a jeopardy assessment under MCL 205.26.
- h) The statute of limitations is suspended while an offer in compromise is pending per MCL 205.27a3b.
- i) I may not request an informal conference with Treasury or contest in any tribunal or court Treasury’s rejection of my offer in compromise or the amount of any accepted offer in compromise.

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**PART 4: OFFER TERMS AND CONDITIONS — CONTINUED**

- j) Interest on any unpaid tax debt shall continue to accrue until paid. Interest shall be calculated at the annual rate of interest applicable to unpaid Michigan tax deficiencies, as set forth in section 23 of the Revenue Act, MCL 205.23, and in Revenue Administrative Bulletin 2013-5, and subsequent Revenue Administrative Bulletins that revise annual interest rates.
- k) Any payments or credits that exceed the offer in compromise amount may be applied by Treasury to outstanding assessments.
- l) Except for the availability of Treasury’s independent administrative review, a rejection by Treasury of an offer in compromise is final and not subject to further challenge or appeal to any tribunal or court.

Treasury by statute may be required to disclose my return information to members of the general public to the extent necessary to permit inspection of the accepted offer in compromise relating to the liability for the tax imposed.

**PART 5: TAXPAYER CERTIFICATION**

Under penalty of perjury, I declare that I have examined this offer, including accompanying forms, schedules and statements, and certify to the best of my knowledge and belief, it is true, correct and complete.

Business Taxpayer: Authorized Signature		Date
Authorized Signer’s Name (Print or Type)	Title/Position	
Authorized Signer’s Telephone Number	Authorized Signer’s Email Address	

**PART 6: THIRD PARTY DESIGNATED REPRESENTATIVE**

By checking this box, I authorize the Michigan Department of Treasury to discuss with and to provide a copy of any papers or correspondence relating to this Offer in Compromise to a third party designated representative identified below.

**NOTE:** The taxpayer is required to complete and file the *Authorized Representative Declaration (Power of Attorney)* (Form 151). The name, telephone number and email address below must match the information provided on Form 151.

Designee’s Name	
Designee’s Telephone Number	Designee’s Email Address

FEIN, ME or TR Number

**PART 7: ADDITIONAL INFORMATION REGARDING FINANCIAL CONDITION**

Provide information on court proceedings, bankruptcies filed or anticipated, transfers of assets for less than full value and changes in market conditions, etc., that impact the financial condition of the business. Include information regarding company participation in trusts, estates and profit sharing plans, etc. Attach any copies of a DBA or Corporation filings as well as the most current Michigan Annual Report (MAR). Include your business name and FEIN on all additional documents attached to this form.

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**PART 8: ASSET AND LIABILITY ANALYSIS**

Attach the most current statement for each type of account, such as checking, savings, money market, online accounts, investment accounts, and life insurance policies that have a cash value. Also, include statements of mortgages (including second mortgages), monthly payments, loan balances, and accountant's depreciation schedules, make/model/year of vehicles and current value of business assets. Asset value is subject to adjustment by Treasury based on individual circumstances. Enter the total amount available for each of the following.

\* **Loan Balance:** For certain items in Part 8, "Loan Balance" refers to an amount owed to pay back a loan.

**BUSINESS CASH/BANK ACCOUNTS**

Type of account					
<input type="checkbox"/> Checking	<input type="checkbox"/> Savings	<input type="checkbox"/> Money Market/CD	<input type="checkbox"/> Online Account	<input type="checkbox"/> Stored Value Card	<input type="checkbox"/> Cash on Hand
Financial Institution Name		Account Number		Account Balance/Value	
Type of account					
<input type="checkbox"/> Checking	<input type="checkbox"/> Savings	<input type="checkbox"/> Money Market/CD	<input type="checkbox"/> Online Account	<input type="checkbox"/> Stored Value Card	<input type="checkbox"/> Cash on Hand
Financial Institution Name		Account Number		Account Balance/Value	

If attaching a separate sheet listing additional bank accounts, record the total of those accounts here.

**INVESTMENT ACCOUNTS**

Type of account			*Loan Balance
<input type="checkbox"/> Stocks	<input type="checkbox"/> Bonds	<input type="checkbox"/> Other _____	
Financial Institution Name		Account Number	Current Market Value
Type of account			*Loan Balance
<input type="checkbox"/> Stocks	<input type="checkbox"/> Bonds	<input type="checkbox"/> Other _____	
Financial Institution Name		Account Number	Current Market Value

If attaching a separate sheet listing additional investment accounts, record the total of the current market value of those accounts here.

Do you have notes receivable? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, attach current listing which includes name, age & amount of note(s) receivable.	Do you have accounts receivable, including e-payment, factoring companies, and any bartering or online auction accounts? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, attach a list of names, age and amount of the account(s) receivable.
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**BANK CREDIT AVAILABLE (LINES OF CREDIT, ETC.)**

Name of Institution	Credit Limit	Amount Owed	Credit Available
Address	City	State	ZIP
Monthly Payments			
Name of Institution	Credit Limit	Amount Owed	Credit Available
Address	City	State	ZIP
Monthly Payments			

Check here if listing additional bank credit on an attached document. The lines below must reflect combined totals of ALL bank credits.

Total Credit Limit	Total Amount Owed	Total Credit Available	Total Monthly Payments
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**PART 8: ASSET AND LIABILITY ANALYSIS (CONTINUED)****CASH VALUE OF LIFE INSURANCE POLICIES**

Name of Insured		Title of Insured		Insurance	
Policy Number	Policy Type (term, whole life)	Face Amount		Available Loan Value	
Name of Insured		Title of Insured		Insurance	
Policy Number	Policy Type (term, whole life)	Face Amount		Available Loan Value	

If attaching a separate sheet listing additional life insurance policies, record the combined balance of those policies here.

**REAL ESTATE**

Property Address		City		State	ZIP
County	Country	Date Purchased		Date of Final Payment	
Description of Property	Ownership (mortgage, land contract)	Current Market Value		*Loan Balance	
Property Address		City		State	ZIP
County	Country	Date Purchased		Date of Final Payment	
Description of Property	Ownership (mortgage, land contract)	Current Market Value		*Loan Balance	

If attaching a separate sheet listing additional real estate, record the combined current market value of that real estate here.

**LOANS FROM THE BUSINESS TO PROPRIETOR, PARTNERS, OFFICERS, SHAREHOLDERS OR OTHERS**

Name of Loan Recipient		Relationship	
Payoff Date	Status	Amount Due	
Name of Loan Recipient		Relationship	
Payoff Date	Status	Amount Due	
Name of Loan Recipient		Relationship	
Payoff Date	Status	Amount Due	

If attaching a separate sheet listing additional loans from the business, record the combined amount due on those loans.





## Instructions for Form 5181CB

### Collection Information Statement for an Offer in Compromise Based on Doubt as to Collectability Instructions

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#### Who May Submit an Offer in Compromise Based on a Doubt as to Collectability

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You may submit an offer in compromise based on doubt as to collectability if you meet the eligibility requirements (outlined in the Offer in Compromise instructions) and both of the following exist:

- 1) the amount of the offer of payment is the most that can be expected to be paid or collected from your present assets or income; and
- 2) you do not have reasonable prospects of acquiring increased income or assets within a reasonable period of time that would enable you to satisfy a greater amount of the tax liability than the amount offered.

You are required to provide all supporting documentation requested in the form or instructions.

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#### Submitting an Offer in Compromise Based on Doubt as to Collectability

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In order to evaluate your offer in compromise, Treasury must have a complete and accurate picture of your financial situation. Therefore, you must include with the submission all the documentation and information requested by this Schedule and other information you wish for Treasury to consider in reviewing the offer in compromise.

**Gather your information.** To calculate an offer amount, gather information about your financial situation, including: cash, investments, available credit, and assets and liabilities.

You must submit a recent federal income tax return.

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#### Instructions for Form 5181CB

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##### Part 8: Asset and Liability Analysis.

- **Business Cash/Bank Accounts/Investment Accounts/Line(s) of Credit** – Attach a copy of the most current six (6) months for each account.
- **Life Insurance Policies** – Attach a copy of all policies that name the business as a beneficiary or partial beneficiary.
- **Safety Deposit Boxes** – Attach a list of all items in the box(es) including the fair market value for each and an accountant’s depreciation schedules, if applicable.
- **Real Estate** – Attach a copy of the most recent statement from lenders on loans, mortgages (including second mortgages) showing the monthly payments, loan payoffs, and balances.
- **Loans/Receivables** – Attach a list of all accounts receivable showing the payer, amount due, age and status of each account
- **Vehicles** — Attach a copy of the most recent statement from lenders including: monthly payments, loan payoffs, and balances.

- **Other Assets** – Attach a list of all assets, including liquor license, business equipment, office furniture and other business assets including the fair market value for each and an accountant’s depreciation schedules, if applicable.

**NOTE:** All correspondence will be mailed to the mailing address listed on Part 1, if it is different from the street address listed on Part 1.

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#### Completing Michigan Forms

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Michigan Offer in Compromise Forms are available in a format that allows you to fill them out on your computer, print them out, and mail them to the Department of Treasury. In some cases, the forms cannot be saved.

- Print or type the information in the spaces provided.
- Stay within the lines when entering information in boxes.
- Answer all questions fully and accurately. State that an item is not applicable with “N/A.” If the answer is none, write “none.”
- Enclose any additional explanations on a separate sheet. Write your collections account number at the top of each sheet of paper.
- Use black or blue ink. Do not use pencil, red ink, or felt tip pens. Do not highlight information.
- If a form is multiple pages, all pages must be filed.

**NOTE:** Remember to make additional copies of the completed forms for your records.

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#### When You Have Finished

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Assemble your forms and attachments and staple in the upper-left corner. Do not staple your check for the initial offer payment to your forms.

**Important Reminder:** If you do not include all the required attachments with your offer, your offer may be ineligible. Do not send the originals of your documents as attachments.

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#### Where to Mail Your Offer

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Mail your offer, initial offer payment and all applicable schedules and attachments to:

Michigan Department of Treasury  
Offer in Compromise  
PO Box 30190  
Lansing MI 48909

Make your check payable to “**State of Michigan-Offer In Compromise**” and write your collections account number and assessment number(s) on the front of your check.