

Offer In Compromise Instruction Booklet

North Carolina
Department of Revenue



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Basic Qualifications:

- The period is collectible under NC G.S. 105-241.22.
- You have filed all tax returns and reports as required by statute.
- You are not the subject of an open or active bankruptcy case.
- You are not the subject of an open or active NC Department of Revenue criminal investigation.

General Information about an Offer In Compromise:

The North Carolina Offer In Compromise (OIC) program allows qualifying, financially distressed taxpayers the opportunity to put overwhelming tax liabilities behind them by paying a lump sum amount in exchange for settling the liability in full. The law provides specific requirements for accepting an offer in compromise (offer). The goal of this program is to resolve a liability in a way that is in the best interest of both the State and the taxpayer. You must provide reasonable documentation, as outlined on page 2 of this booklet, with your request for an offer.

- If the review reveals that an offer was purposefully filed to delay or jeopardize the collection of the tax debt, then the offer is denied.
- Submitting an offer does not automatically suspend forced collection actions (such as garnishments) during the review period.
- During the review, interest and penalties continue to accrue on any unpaid tax debt.
- Monies received before the acceptance of an offer are not part of the offer payment.

Note: Payments by credit or debit card (Visa or MasterCard) incur a convenience fee of \$2.00 per \$100.00.

Help:

Use this booklet as a guide. It has the basic instructions, forms, etc. you need to submit a request for an Offer In Compromise (an offer).

- Find information and webfill versions of forms on our website at ncdor.gov.
 - Each form within this booklet has a link.
- Do you have specific questions, or need additional help? Call an Agent at 1-877-252-3052.

Submit offers and payments to:

NC Department of Revenue
Attn: Offer In Compromise Unit
1500 Pinecroft Rd., Suite 300
Greensboro, NC 27407-3724



What Do I Send with My Offer?

You have two choices of the type of offer request. Both require you to include several items. Carefully read through this booklet of instructions, and use the OIC Checklist. See pg. 5. [OIC Checklist](#).

Note: More documentation might be needed after an initial review of the offer.

Choice # 1:

The statutory basis for compromise (i.e., your claim, or reason) is anything except reasonable doubt as to the amount of liability. Your account must receive a thorough financial analysis by the Department (NCDOR). Submit all items listed in the Required Documentation section to show your financial situation for the three (3) months right before the date you submit your Offer In Compromise.

Required Documentation:

- A completed and signed [OIC-100](#).
- A 20%, non-refundable, down payment (credit card or certified funds) is required. It is applied to your tax liability.
 - Allowable exceptions: if you submit a valid Form [OIC-102](#) Third Party Affirmation, or if your gross income is below the [federal poverty guidelines](#).
- A completed, and signed NCDOR Financial Statement (based upon your type) that includes all of the documents listed in the **Attachments Required** section (found below the financial statement's signature area).
 - [RO-1062](#) (Collection Information Statement for Individuals or Sole Proprietorships).
 - [RO-1063](#) (Collection Information Statement for Businesses). All business offers must attach an RO-1062 for each officer, partner, or member.
- Documentation that supports your claim.
 - The last 3 months paystubs (if you are a wage earner)
 - Complete copies of last 3 bank statements for all accounts
 - Complete copies of last 2 federal income tax returns (if required to file)
 - A current federal account transcript for each (outstanding) period and tax schedule (If you owe the IRS)
 - Proof for any claims of special circumstances made in Section 8 of your OIC-100 Explanation of Circumstances (i.e., copies of actual monthly expenses, court ordered payments, out-of-pocket medical expenses, physician's statements detailing illness, etc.)
 - A completed worksheet including your **Reasonable Collection Potential (RCP)**, based upon your category:
 - [OIC 101-A](#) (Individuals)
 - [OIC 101-B](#) (Businesses)
 - [OIC 101-C](#) (Sole Proprietorships and Self-Employed Individuals)
- Proof of claimed mortgages, vehicle liens and any other claimed judgments or liens.

Choice # 2:

Your basis for compromise is reasonable doubt as to the amount of liability. A financial analysis is not conducted. But, you need to provide documents to support your claim.

- Note: The OIC Unit will not change an audit; those changes go through the auditor.

Reasonable Doubt Required Documentation:

- A completed and signed OIC-100.
- A 20%, non-refundable, down payment (credit card or certified funds) is required. It is applied to your tax liability.
 - Allowable exceptions: if you submit a valid Form OIC-102 Third Party Affirmation, or if your gross income is below the federal poverty guidelines.
- An explanation of the basis of reasonable doubt along with verifying documentation.
- A calculation of the claimed corrected tax due, and an explanation of how you arrived at that amount.

Determining the Amount of Your Offer & Required Down Payment:

The amount of your offer is your choice. Keep in mind that **all offer amounts must exceed zero**. Your offer must be equal to or exceed your **Reasonable Collection Potential (RCP)**. So, your RCP determines the minimum amount you should offer.

Question: What does RCP mean?

Answer: Your RCP is the net equity of your assets plus the amount NCDOR projects it could collect from your future income.

Question: How do I calculate my RCP?

Answer: Use the worksheet included in your OIC packet. Read the section **Calculating the RCP** for details and more instructions.

NCDOR will not process an offer that does not include the 20% down payment unless you qualify for an exception.

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Calculating the RCP (Reasonable Collection Potential):

Calculate your *RCP* using the Form [OIC 101-A](#), [OIC 101-B](#), or [OIC 101-C](#) worksheet included in your OIC packet and available at ncdor.gov. They are also available upon request.

Begin with the total of your liquid assets, including cash on hand, average bank balance, investment account balances and cash value of all insurance policies.

First, calculate your equity in all property owned by using the **Quick Sale Asset Value (QSV)** method. Compute the QSV by multiplying the asset's value by a discount factor. You may discount property values to 80%.

- Calculate real property asset value by multiplying the *county tax value* by the 80% QSV discount minus any mortgage balance.
- Calculate purchased vehicle and other licensed asset value by multiplying the NADA value by the

80% QSV discount minus any loan balance.

Asset values minus any liens that are superior to the Department's (for example, those arising from IRS or county tax debts) equals your total equity in assets held.

Next, determine monthly disposable income by subtracting monthly allowable expenses from total monthly income.

- Calculate the total monthly income by averaging 3 months of paystubs, monthly pensions, social security, dividends, profit from business, alimony, child support, commissions or any other income sources.
- Compute the total allowable monthly expenses using the [Collection Financial Standards](#) found in the worksheet. They are provided by the IRS and include housing and

utilities, food, clothing & other items, vehicle operating costs, public transportation costs, vehicle loans, medical costs, actual alimony, child support, day care expenses, health and life Insurance expenses, IRS and estimated tax payments, and any court-ordered payments.

Then, multiply the calculated monthly disposable income by 60 months, and add it to the total equity in assets held to determine your gross *RCP*.

Finally, each taxpayer may claim up to \$2,000 in accounting and/or legal fees with proper documentation. This expense is only for the preparation of the Offer In Compromise request, and it is not for any accounting fees accrued as a part of normal personal and business filings.

Subtract allowable accounting and/or legal fees from the gross *RCP*.

This amount is the net *RCP*.



Tips:

Make copies. Your originals will not be returned.

Submit payment in certified funds or by credit card [MasterCard or Visa (\$2 convenience fee for every \$100 paid)].

A Certificate of Tax Liability may be filed at any time while your offer is being considered.

If the OIC Unit sends you a letter about the decision to deny your offer, then they allow 14 days for you to respond.

If the review reveals that an offer was purposefully filed to delay or jeopardize the collection of the tax debt, then the offer is denied.

Your offer will be denied if the financial analysis suggests that (1) You can pay the tax liability in full, either immediately or through an installment payment agreement, or (2) you can pay more than the amount offered in compromise.

Submit offers and payment to: NC Department of Revenue, Attn: Offer In Compromise Unit,
1500 Pinecroft Rd., Ste. 300, Greensboro, NC 27407-3724

Does Offering the RCP Guarantee Acceptance of My Offer?

No. There are factors to consider.

The Department (NCDOR) performs an analysis of your financial condition during a review process. You must provide documentation to support your income, expenses, and loan balances. Otherwise, NCDOR cannot calculate your *RCP* and cannot process your offer.

The Department uses these factors when making a determination:

- **Omitted Items:** If you omit income, assets, or other items of significance from your financial statement, then your offer may be denied.
- **History of Non-Compliance:** Having a history of regular or willful non-compliance with the NC revenue statutes is grounds for the rejection of your offer.
- **Insufficient Documentation:** Every claimed expense must be fully documented, or else it is not allowed. This includes: alimony, child support, day care, health and life insurance, IRS and estimated tax payments, outstanding mortgage loans, loan balances on real or personal property, and any court-ordered payments.
- **Property Valuation:** NCDOR reviews the value of all property that you own. Offers may be denied if the review reveals that the value of the property is greater than shown on your *RCP worksheet* and financial statement.
- **Collected Taxes:** Offers on tax debt coming from taxes collected from others, but not remitted, such as sales or employee withholding taxes, may not be accepted.
- **Earned Income:** Your offer may be denied if the amount that will be collected (over the statutory period of collection) from a garnishment is more than the amount offered.
- **Installment Payment Agreement:** Offer amounts that are less than what the current installment payment agreement will pay over the statutory period of collection may be denied.
- **Other:** The law gives the Secretary the option to accept an offer but in no way requires it.

In any instance where the Secretary determines that acceptance is not in the best interest of the State, the offer is denied.

Will NCDOR Consider an Offer for My Interest Only in a Joint Income Tax Liability?

No. If you filed a joint income tax return for the year(s) that you are requesting relief, you must submit an offer in compromise (offer) for both parties. It must include each person's financial information, and it must be signed by both parties.

Pursuant to NC G.S. § 105-153.8(e):
"... a wife and husband filing jointly are treated as one taxpayer for the purpose of determining the tax imposed by this

Part. A husband and wife filing jointly are jointly and severally liable for the tax imposed by this Part reduced by the sum of all credits allowable including tax payments made by or on behalf of the husband and wife."

You cannot request an offer to settle your interest in the outstanding liability.

Question: What options do I have?

Answer: You can request Innocent Spouse Relief.

If you qualify for Innocent Spouse Relief under NC G.S. § 105-153.8(e), then you might receive relief from NCDOR for your interest in a jointly filed income tax liability.

Briefly, if you request and qualify for Innocent Spouse Relief, NCDOR processes your request, and then notifies you of your percentage of relief.

If you do not qualify for Innocent Spouse Relief, you remain jointly and severally liable for the balance of tax, penalty and interest due.

What Happens After My Offer Is Submitted?

First, the Offer In Compromise (OIC) Unit conducts an initial review of your offer and determines if it is complete. The OIC Unit only processes complete offers. See pages 1 & 2.

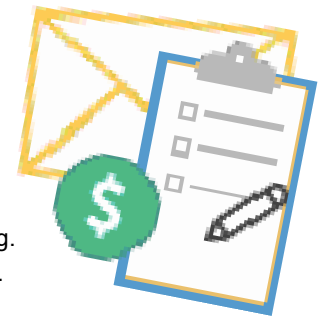
- Does your offer meet the **Basic Qualifications?** (page 1.)
- Did you submit all **Required Documentation?** (page 2.)

Next, the OIC Unit further reviews and analyzes the completed OIC packet. The OIC Unit also performs independent research. During their review, they may need more documentation from you.

- The OIC Unit will contact you if more information is needed.
- *If you fail to submit the requested documentation, then the OIC Unit will not process your offer.*

Then, the Offer In Compromise Unit makes a recommendation to the Secretary of Revenue and/or their designee. The Secretary of Revenue makes the final decision on all offers in compromise.

Note: This process can take more than 90 days; it varies depending on the volume of submissions and the time of year.



Will Collection Actions Stop?

Not necessarily. Submitting an offer does not automatically suspend forced collection actions (such as garnishments) during the review period. The Department may suspend collection actions under certain circumstances, but it is not a requirement.

After the initial review of your offer determines it is complete, then the OIC Unit begins its processing. At this point, the Unit will not act to collect the tax liability while your offer is analyzed and evaluated.

If Your Offer Is Accepted...

The Department notifies you and your designated representative.

This notification directs you to remit payment to the OIC Unit and includes a payment due date (usually 30 days from date of the acceptance letter).

The total amount due is the accepted offer amount less the 20% down payment.

Pay the accepted offer amount in certified funds or by credit card [Visa or Master Card (fee of \$2.00 per \$100.00)] by the due date.

Payment releases a recorded Certificate of Tax Liability, if applicable.

Payments made on the account during the offer review process will not decrease the total offer amount due.

The Department does not allow payment plans on an accepted offer in compromise.

If Your Offer Is Denied...

The Department notifies you and your designated representative.

As part of the review process, the OIC Unit might calculate a suggested counteroffer amount for the Department to consider. If it is less than the total liability due but more than the amount offered, then your denial letter includes that amount. The letter includes the steps to take.

Note: Offering the suggested counteroffer amount does not guarantee acceptance.

Question: What if I cannot pay the counter-offer amount?

Answer: Immediately call an Agent (1-877-252-3052) and set up payment arrangements.

Appealing the Decision: North Carolina statutes make no provision for appeal of a denied offer.

The Department may reconsider a denied offer if there is a material change in your circumstances.

- You must provide documentation before the due date on the denial letter.
- If it is after the due date on the denial letter, you must submit a new offer.

[OIC Checklist](#) Rev. 09/2025

NC DEPARTMENT OF REVENUE

OFFER IN COMPROMISE CHECKLIST

Please read: This checklist lists all documents that may be needed with your Offer In Compromise (OIC) request. Ensure that you read the **OIC-101 Offer in Compromise Instruction Booklet** in its entirety to determine what information is needed based upon your statutory basis for compromise. (See page 2.)

ITEMS:

- _____ 1. Form [OIC-100](#) Offer In Compromise, completed and signed with an offer amount greater than \$0.00.
- _____ 2. 20% Down Payment made by credit card or in certified funds payable to NCDOR. (Exceptions to this requirement are allowed if you submit a Form OIC-102 Third Party Affirmation, or if your gross income is below the [Federal Poverty Guidelines](#).)
- _____ 3. Form [OIC-102](#) Third Party Affirmation
- _____ 4. Form [RO-1062](#) Collection Statement for Individuals. Include all documents listed under the signature line of the form, including mortgage and vehicle loan statements.
- _____ 5. Form [RO-1063](#) Collection Statement for Businesses (All business offers are required to submit a Form RO-1062 for each officer, partner, or member.) Include all documents listed under the signature line of the form, including mortgage and vehicle loan statements.
 - _____ 5a. RO-1062 for each officer, partner, or member. Include all documents listed under the signature line of the form, including mortgage and vehicle loan statements.
- _____ 6. Worksheet for Offer In Compromise: [OIC 101-A](#) (Individual), [OIC 101-B](#) (Business Entities), or [OIC 101-C](#) (Self-Employed Individuals).
- _____ 7. Copy of last two (2) years Federal Income Tax returns, if required to file.
- _____ 8. Copy of the federal account transcript for all periods if the taxpayer claims to also owe the IRS.
- _____ 9. Copy of last three (3) months paycheck stubs, if applicable.
- _____ 10. Copy of last three (3) months bank account statements for all accounts.
- _____ 11. Verification of any claimed health issue or disability.
- _____ 12. Verification documents showing the computation of the claimed corrected tax due and documents supporting your claim. (*If statutory basis of compromise is reasonable doubt.*)


Additional information may be requested after the initial review of the Offer In Compromise.

Form OIC 100 (02/21)

NORTH CAROLINA DEPARTMENT OF REVENUE

OFFER IN COMPROMISE

1) Name and Address of Taxpayer(s)

Name		_____	Date	_____
Trading As		_____	Account ID	_____
Address		_____	SSN/FEIN	_____
City		_____ State _____	Zip Code	_____

2) Outstanding Liability

Mark an "X" in the box for the correct tax type. Fill in the corresponding tax period(s) and amount(s) due.

<input type="checkbox"/> Tax Type	<u>Period (s)</u>	<u>Amount of Liability*</u>
<input type="checkbox"/> Individual Income	_____	_____
<input type="checkbox"/> Sales & Use	_____	_____
<input type="checkbox"/> Withholding	_____	_____
<input type="checkbox"/> Other (specify)	_____	_____
TOTAL		\$ -

* Include tax, penalty, and interest.

3) Basis For Compromise: (G.S. 105-237.1 authorizes compromises in the following situations. Check the appropriate block (s).)

- ☐ There is reasonable doubt as to the amount of the liability of the taxpayer under the law and the facts.
- ☐ The taxpayer is insolvent and the Secretary probably could not otherwise collect an amount equal to or in excess of the amount offered in compromise. A taxpayer is considered insolvent only in one of the following circumstances (check one):
- ☐ a. It is plain and indisputable that the taxpayer is clearly insolvent and will remain so in the reasonable future.
- ☐ b. The taxpayer has been determined to be insolvent in a judicial proceeding.
- ☐ Collection of a greater amount than that offered in compromise is improbable, and the funds or a substantial portion of the funds offered in the settlement come from sources from which the Secretary could not otherwise collect.
- ☐ A federal tax assessment arising out of the same facts has been compromised with the federal government on the same or a similar basis as that proposed to the State and the Secretary probably could not collect an amount equal to or in excess of that offered in compromise.
- ☐ Collection of a greater amount than that offered in compromise would produce an unjust result under the circumstances.
- ☐ The taxpayer is a retailer or a person under Article 5 of this Chapter; the assessment is for sales or use tax the retailer failed to collect or the person failed to pay on an item taxable under G.S. 105-164.4(a)(10) and (a)(11), and the retailer or person made a good-faith effort to comply with the sales and use tax laws. The subdivision expires for assessments issued after July 1, 2020.

4) Has any period listed above been compromised with the Internal Revenue Service? _____ If yes, attach a copy of the submitted offer, federal acceptance letter, and total amount due.

5) Amount of Offer: _____

6) 20% Down Payment _____
in certified funds: 20% x Line 5

7) Sources of Funds: _____

* If source of funds is "third party", attach form OIC-102.

see page 2

[Home](#)

8) Explanation of Circumstances

Note: If you are requesting a compromise based on doubt as to liability, explain why you do not believe you owe the tax. If you think you have special circumstances affecting your ability to fully pay the amount due, explain your situation. You may attach additional sheets if necessary.

[illegible]

Signature _____

Date _____

Telephone No. _____

Email Address _____

(Print clearly)

Calculating the RCP and Down Payment: Individuals

Worksheet for Offer in Compromise - Individual

Form OIC 101-A

Must complete RO-1062 prior to completion of worksheet

Step 1: Assessing Liquid Assets - Section 3

Cash on Hand - Line 12

Average Bank Balance- line 13e

Investment account balance (stocks, bonds, retirement, virtual currency) - Line 14e + Line 15d

Cash value of insurance policy - Line 16c

TOTAL LIQUID ASSETS

A

Step 2: Real Property - Section 4

Fair Market Value

x

80%

QSV

-

Loan Balance

=

Asset Value

B

Section 4 Line 17c

Section 4 Line 17d

Step 3: Purchased Vehicle/ Other Licensed Asset -Section 5

Fair Market Value

x

80%

QSV

-

Loan Balance

=

Asset Value

C

Section 5 Line 18c

Section 5 Line 18d

Step 4: Subtracting Judgments/Liens -Section 7

Balance due

D

Section 7 Line 20d

Step 5: Total Equity in Assets Held

E

(A+B+C) - D= E

Step 6: Disposable Income Analysis -Section 10

Total Monthly Income (line 36)

Wages, pensions, Social Security, dividends, profit from business, alimony, child support, commissions, other

F

Section 10 Line 36

Less

Total Monthly Expenses (line 48)

Housing and Utilities, Vehicle ownership & operating costs, food & clothing, health & life insurance, out-of-pocket medical, alimony, child support, and other court-ordered payments, child care, tax payments

G

Section 10 Line 48

Disposable Monthly Income:

H

F- G = H

Step 7: Proposed Offer Amount

* Do not enter amounts below \$0.00. If equity in assets or disposable income calculations are less than \$0.00, enter \$0.00.

Equity in Assets Held (E)

I

Disposable Monthly Income (H)

x

60 (months)

=

J

H X 60

Reasonable Collection Potential

K

I + J = K

Allowance for Accounting/Legal Fees (not to exceed \$2,000-must provide receipt)

L

Proposed Amount Offered In Compromise (must be greater than 0)

M

K - L = M

20% Deposit (see instructions for exceptions)

N

M x 20% = O



Notes:

Please use the RO-1062 Collection Statement for Individuals to complete this form.

NCDOR allows you to discount property values to 80%. This is referred to as *Quick Sale (QSV) value*.

Calculating the RCP and Down Payment: Business Entities

Worksheet for Offer in Compromise - Business

Form OIC 101-B

Must complete RO-1063 prior to completion of worksheet

Step 1: Assessing Business Assets- Section 4

Cash on Hand - Line 15
 Total Cash in Banks - Line 16d
 Accounts/Notes Receivable - Line 18f
 Total Investments (stocks, bonds, mutual funds, stock options, CDs, virtual currency) - Line 17c + Line 19c
 Total Credit Available - Line 20c

TOTAL BUSINESS ASSETS

Step 2: Real Property -Section 4

Fair Market Value x 80% - Loan Balance = Asset Value
 Section 4 Line 21e QSV Section 4 Line 21f

Step 3: Vehicles, Leased and Purchased - Section 4

Fair Market Value x 80% - Loan Balance = Asset Value
 Section 4 Line 22e QSV Section 4 Line 22f

Step 4: Business Equipment - Section 4

Fair Market Value x 80% - Loan Balance = Asset Value
 Section 4 Line 23e QSV Section 4 Line 23f

Step 5: Business Liens, Judgments and Other Liabilities - Section 4

Balance due

Line 24d

Step 6: Total Equity in Assets Held

(A+B+C+D) - E = F

Step 7: Disposable Income Analysis -Section 5

Total Monthly Income (Line 35)

Less

Total Monthly Expenses (Line 48)

Disposable Monthly Income:

G - H = I

Step 8: Proposed Amount Offered In Compromise (must be greater than 0).

* Do not enter amounts below 0. If equity in assets or disposable income calculations are less than 0, enter 0.

Equity in Assets Held (F)

Disposable Monthly Income (I) x 60 (months)

=

I X 60

Reasonable Collection Potential (RCP)

J+K = L

Allowance for Accounting/Legal Fees (not to exceed \$2,000-must provide receipt)

Proposed Amount Offered In Compromise (must be greater than \$0.00)

L - M = N

20% Deposit (see instructions for exceptions)

N x 20% = O



Notes:

Please use the RO-1063 Collection Statement for Businesses to complete this form.

NCDOR allows you to discount property values to 80%. This is referred to as Quick Sale (QSV) value.

Calculating the RCP and Down Payment: Self Employed Individuals

Worksheet for Offer in Compromise - Self Employed Individuals

Form OIC 101-C

Must complete RO-1062 prior to completion of worksheet

Step 1: Assessing Liquid Assets - Section 3

Cash on Hand - Line 12 + Line 59

Average Bank Balance - Section 3 Line 13e + Section 11 Line 60c

Investment account balance (stocks, bonds, retirement, virtual currency) - Line 14e + Line 15d

Cash value of insurance policy - Line 16c

TOTAL LIQUID ASSETS

A

Step 2: Real Property - Section 4

Fair Market Value x 80% - Loan Balance = Asset Value B
 Section 4 Line 17c QSV Section 4 Line 17d

Step 3: Purchased Vehicle/ Other Licensed Asset -Section 5

Fair Market Value x 80% - Loan Balance = Asset Value C
 Section 5 Line 18c QSV Section 5 Line 18d

Step 4: Subtracting Judgments/Liens -Section 7

Balance due D
 Section 7 Line 20d

Step 5: Total Equity in Assets Held

E
 (A+B+C) - D= E

Step 6: Disposable Income Analysis -Section 10 / 12

Total Monthly Income (Line 36 + Line 72)

Wages, pensions, Social Security, dividends, profit from business, alimony, child support, commissions, other

Less

Total Monthly Expenses (Line 48 + Line 84)

Housing and Utilities, Vehicle ownership & operating costs, food & clothing, health & life insurance, out-of-pocket medical, alimony, child support, and other court-ordered payments, child care, tax payments

Disposable Monthly Income:

F
 Section 10 Line 36
 +
 Section 12 Line 72

G
 Section 10 Line 48
 +
 Section 12 Line 84

H
 F - G = H

Step 7: Proposed Offer Amount

**Do not enter amounts below \$0.00. If equity in assets *or* disposable income calculations are less than \$0.00, enter \$0.00.

Equity in Assets Held (E) I

Disposable Monthly Income (H) x 60 (months) = J
 H X 60

Reasonable Collection Potential

K
 I + J = K

Allowance for Accounting/Legal Fees (not to exceed \$2,000-must provide receipt)

L

Proposed Amount Offered In Compromise (must be greater than 0)

M
 K - L = M

20% Deposit (see instructions for exceptions)

N
 M x 20% = O



Notes:

Please use the RO-1062 Collection Statement for Individuals to complete this form.

NCDOR allows you to discount property values to 80%. This is referred to as *Quick Sale (QSV) value*.

[Form OIC-102](#)

(09-2025)

NORTH CAROLINA DEPARTMENT OF REVENUE
Third Party Affirmation of Offered Amount

Taxpayer Name: _____

Taxpayer SSN/FEIN: _____

Amount Offered: _____

I, _____ (third party name), will provide \$ _____
(amount of offer) in certified funds for _____ (taxpayer name)
payable to the North Carolina Department of Revenue within 30 days after acceptance of the offer in
compromise.

Printed Third Party Name: _____

Third Party Address: _____

Third Party Signature: _____

Date: _____

_____ State
_____ County

"I, _____, a Notary Public for said County and State, do hereby certify
that _____ personally appeared before me this day
and acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal, this the _____ day of
_____, 20____.

Notary Public

My commission expires _____, 20 ____.

An Equal Opportunity Employer

[Home](#)

Statutory Basis for an Offer in Compromise:

NC General Statute 105-237.1 provides the authority for the Secretary of Revenue to entertain an offer in compromise:

§ 105-237.1. Compromise of liability.

(a) Authority. - The Secretary may compromise a taxpayer's liability for a tax that is collectible under NC G.S. 105-241.22 when the Secretary determines that the compromise is in the best interest of the State and makes one or more of the following findings:

- (1) There is a reasonable doubt as to the amount of the liability of the taxpayer under the law and the facts.
- (2) The taxpayer is insolvent and the Secretary probably could not otherwise collect an amount equal to or in excess of the amount offered in compromise. A taxpayer is considered insolvent only in one of the following circumstances:
 - a. It is plain and indisputable that the taxpayer is clearly insolvent and will remain so in the reasonable future.
 - b. The taxpayer has been determined to be insolvent in a judicial proceeding.
- (3) Collection of a greater amount than that offered in compromise is improbable, and the funds or a substantial portion of the funds offered in the settlement come from sources from which the Secretary could not otherwise collect.
- (4) A federal tax assessment arising out of the same facts has been compromised with the federal government on the same or a similar basis as that proposed to the State and the Secretary could probably not collect an amount equal to or in excess of that offered in compromise.
- (5) Collection of a greater amount than that offered in compromise would produce an unjust result under the circumstances.
- (6) The taxpayer is a retailer or a person under Article 5 of this Chapter; the assessment is for sales or use tax the retailer failed to collect or the person failed to pay on an item taxable under G.S. 105-164.4(a) (10) through (a)(15), and the retailer or person made a good-faith effort to comply with the sales and use tax laws. This subdivision expires for assessments issued after July 1, 2020.
- (7) The assessment is for sales tax the taxpayer failed to collect or use tax the taxpayer failed to pay as a result of the change in the definition of retailer or the sales tax base expansion to (i) service contracts, (ii) repair, maintenance, and installation services, or (iii) sales transactions for a person in retail trade. The Secretary must determine that the taxpayer made a good-faith effort to comply with the sales and use tax laws. This subdivision applies to assessments for any reporting period beginning March 1, 2016, and ending December 31, 2022.
- (8) The assessment is for sales tax the taxpayer failed to collect or use tax the taxpayer failed to pay on repair, maintenance, and installation services provided by a real property manager under a property management contract. The Secretary must determine that the taxpayer made a good-faith effort to comply with the sales and use tax laws. Absent fraud or other egregious activities, a taxpayer that substantiated the time spent managing real property for a billing or invoice period as provided under G.S. 105-164.4K (c) will be determined to have made a good-faith effort to comply with the sales and use tax laws.
- (9) The taxpayer is an auctioneer licensed under Chapter 85B of the General Statutes, and the assessment is for sales tax that the taxpayer failed to collect for the sale of livestock at auction. The Secretary must determine that the taxpayer has made a good-faith effort to comply with the tax laws, including being registered as a retailer on or before July 1, 2020. This subdivision G.S. 105-237.1 Page 2 applies to assessments for any tax due for a reporting period ending prior to July 1, 2020. This subdivision does not apply if the person received specific written advice from the Secretary for the transactions at issue for the laws in effect for the applicable period or for tax collected and not remitted to the Department.

(b) Written Statement. - When the Secretary compromises a tax liability under this section and the amount of the liability is at least one thousand dollars (\$1,000), the Secretary must make a written statement that sets out the amount of the liability, the amount accepted under the compromise, a summary of the facts concerning the liability, and the findings on which the compromise is based. The Secretary must sign the statement and keep a record of the statement. If the compromise settles a dispute that is in litigation, the Secretary must obtain the approval of the Attorney General before accepting the compromise, and the Attorney General must sign the statement describing the compromise.