

Settling Tax Debt for Less: Offer in Compromise Explained

An **Offer in Compromise (OIC)** is one of the most well-known—and most misunderstood—IRS resolution options. While it can allow some taxpayers to settle their tax debt for less than the full amount owed, qualification is far more limited than most advertisements suggest.

At **Thornton Tax Advisory**, we help taxpayers determine whether an Offer in Compromise is realistic and handle the process the right way.

What Is an Offer in Compromise?

An Offer in Compromise is an agreement where the **Internal Revenue Service** agrees to accept less than the full balance owed when it believes it cannot reasonably collect the full amount.

Approval is based on:

- Income and allowable living expenses
- Assets and available equity
- Ability to pay now and in the future
- Compliance with filing and payment requirements



It's not about how much you owe—it's about what the IRS believes it can collect.

Example: How an Offer in Compromise Works

Robert owed \$126,000 in back taxes after several difficult years in business. Although he was working, his income barely covered basic expenses, and he had little usable asset equity.

With professional assistance, Robert submitted a detailed financial analysis showing the IRS was unlikely to collect the full balance. The IRS accepted his Offer in Compromise, allowing him to settle the debt for a fraction of what he owed.

How We Can Help

Offers in Compromise are frequently denied when submitted incorrectly or without proper analysis.

Thornton Tax Advisory helps by evaluating eligibility, preparing accurate financial disclosures, submitting a strong offer, and communicating with the IRS throughout the process.

If you're carrying IRS debt and wondering whether a settlement is truly possible, contact **Thornton Tax Advisory** today for a confidential consultation to find out if an Offer in Compromise makes sense for your situation.