



Petition for Compromise of Taxes— Inability to Pay

Includes information on:

- Who may qualify
- How to apply
- Documentation required
- What happens after a petition is submitted

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INTRODUCTION

Certain taxpayers may find that, based on their current and projected future financial situation, they may never be able to pay their total tax obligation. If you are in this situation, it may be appropriate for you to petition the Wisconsin Department of Revenue to settle the tax obligation for a lesser amount.

This publication explains (1) Who may submit a petition, (2) Under what conditions a petition may or may not be accepted, (3) What occurs after the department receives a petition. The information in this publication reflects secs. 71.92(3), 77.62(5) and 73.13 Wis. Stats.

WHO MAY PETITION FOR COMPROMISE OF TAX OBLIGATION?

Anyone with a tax obligation who believes his or her tax obligation can never be paid in full may petition the department to consider settling his or her account for an amount less than the total liability.

The petitioner may be an individual, corporation, partnership, limited liability company, or any other legal entity with a tax obligation.

SUBMITTING PETITION FOR COMPROMISE

To submit a petition, complete Form A-212 in its entirety and send it, along with supporting documentation, to the appropriate office listed on the back of the form. If you are working with a compliance agent, Form A-212 can be sent to that agent.

Form A-212, Petition for Compromise of Taxes, can be obtained from any department office or can be downloaded from the department's website at revenue.wi.gov.

Question: Do I need an accountant or an attorney to complete Form A-212?

Answer: No. The form is designed to be self-explanatory. Any compliance agent can answer your questions about completing this form.

Question: Is any other paperwork required other than Form A-212?

Answer: Yes, the department requires certain documents related to your financial condition to verify the information reported on the A-212. An Offer for Compromise Application Checklist (Form A-212a) is also available on our website to assist you in what information is required.

Corporations must attach Corporation Schedule A (Form A-213), which is available on our website.

The department reserves the right to independently verify any information you provide through its own records or third-party contacts.

CONDITIONS FOR COMPROMISE CONSIDERATION

The following conditions must be met:

- A. You must be able to demonstrate that you cannot dispose of assets or borrow against them to pay your liability.
- B. The income statement in Section 14 of Form A-212 must demonstrate that your monthly income is insufficient to fully pay your liability through installment payments.
- C. All tax returns for prior years must be filed.

HOW IS ABILITY TO PAY IN FULL DETERMINED?

The department will look at: your equity in any real or personal property; past, present, and future earning potential; the priority of other creditors;

whether your current financial condition is likely to be temporary or permanent; your present life style; your ability to borrow; and any other factors the department considers relevant in making a determination.

WHAT HAPPENS AFTER YOU SUBMIT PETITION FOR COMPROMISE?

- A. If Form A-212 is fully completed, the department usually acts on it within 45-90 days after receiving it.
- Incomplete petitions or those which appear to understate the value of assets or overstate debts and expenses can cause delays.
- B. Any collection actions commenced by the department before your petition is submitted, such as wage attachments, levies, or property seizures, will continue unless the department believes it is in the best interest of the State to discontinue such action.
- C. Interest continues to accrue on any unpaid balance until paid.

DEPARTMENT RESPONSE

After reviewing your petition (Form A-212), the department will send you a written response. The department may:

- A. Accept your offer
- B. Reject your offer but propose a counter offer
- C. Reject your offer and refer you to a compliance agent to determine the best method to pay your liability.

WHAT HAPPENS IF YOUR PETITION IS ACCEPTED?

- A. If the department accepts a compromise offer, the amount must be paid in full with guaranteed funds within 10 days.
- B. A payment schedule may be permitted to pay the amount of the compromise if the department believes that it is in the best interest of the State to accept such scheduled payments.
- C. Upon receipt of the compromise payment, or the final installment of a compromise payment schedule, the department will issue satisfactions of all outstanding delinquent tax warrants covered by the compromise, unless the compromise is also contingent on future activities you have agreed to, such as incurring no new delinquencies for a stated period of time. Satisfactions will be delayed 45 days if payment is not in the form of guaranteed funds.

AFTER PAYMENT OF COMPROMISE, IS MATTER CLOSED?

Generally yes, however, the department has the right to review your account within three years to determine if there has been a change in your financial condition which would enable you to pay the amount previously forgiven in the compromise settlement. The three year period begins on the later of the date of the compromise order or the final payment under a payment schedule. If the department finds that your financial situation has changed, you will be notified of a hearing to review whether the compromise should be reopened.

IF YOUR PETITION IS REJECTED, CAN YOU ASK FOR REVIEW OF DECISION?

Yes. A request for a second review of a rejected compromise should be directed to:

MS 4-CMP-W
Compliance Bureau Director
Wisconsin Department of Revenue
PO Box 8901
Madison WI 53708-8901

The request for a second review **must** be in writing and should provide any information you believe would cause the department to reconsider the acceptance of your compromise offer.

CAN YOU PETITION FOR COMPROMISE MORE THAN ONCE?

Yes. If you have previously petitioned for a compromise and that offer was not accepted, you may petition the department at a later date. The department is unlikely to review a second compromise offer more favorably than the first unless your financial condition has worsened, or you are increasing the amount of your offer.

QUESTIONS

If you have questions, write to the department or call or visit any department office listed below:

Location	Address
Appleton	265 W. Northland, Ave., Appleton, WI 54911-2016
Eau Claire	718 W. Clairemont Ave., Eau Claire, WI 54701-4558
Green Bay	200 N. Jefferson St., Green Bay, WI 54301-5189
Madison	2135 Rimrock Rd., Madison, WI 53713
Milwaukee	819 N. Sixth St., Milwaukee, WI 53203-1606