



STATE OF CALIFORNIA
Franchise Tax Board

Offer in Compromise Booklet for Business Entities

What You Should Know Before Preparing an Offer In Compromise

Are you an OIC Candidate?

If your business entity does not have either the income, assets, or means to pay your tax liability now or in the foreseeable future, it may be a candidate. The Offer in Compromise (OIC) program allows an entity to offer a lesser amount for payment of a **non-disputed final tax liability**. (Revenue and Taxation Code Section 19443)

Generally, we approve an OIC when **the amount offered represents the most we can expect to collect within a reasonable period of time**.

Each case is evaluated based on its own unique set of facts and circumstances. We give the following factors strong consideration in the evaluation:

- Ability to pay.
- Equity in the entity's assets.
- Present and future income.
- Present and future expenses.
- The entity's willingness to dissolve/cancel with the Secretary of State.
- The potential for changed circumstances.
- The offer is in the best interest of the state.

Can We Process Your Application?

We will only process the OIC application if you meet the following requirements:

- File all of the required tax returns.
- Fully complete the OIC application and provide all supporting documentation.
- Agree with the Franchise Tax Board (FTB) on the amount of tax you owe.

Will a Collateral Agreement be Required?

Upon approval, we may require the entity to enter into a collateral agreement for a term of five years. Generally, a collateral agreement will be required in cases when the entity has significant potential for increased earnings. A collateral agreement requires a business entity to pay to FTB a percentage of future earnings that exceed an agreed upon threshold.

Is Collection Activity Suspended?

Submitting an offer does not automatically suspend collection activity. In most cases, collection action will be suspended until the OIC evaluation is completed. However, if delaying collection activity jeopardizes our ability to collect the tax, we may continue with collection efforts.

When Should Offered Funds be Submitted?

Do not submit the offered funds until we request them by letter. When we do ask for the funds, submit them by cashier's check or money order. The offer must be a lump sum payment. We are unable to accept installment payments toward the offer amount.

Offer in Compromise Application – BE

To be returned

The following documentation must be submitted with your Offer in Compromise Application, or your application may be returned as incomplete. **Submit copies only.** We will not return any documents that you send us. Indicate if any of the items below are not applicable. Additional documentation may be required and requested as the evaluation of the OIC proceeds.

Check List of Required Items

- Business Entity Offer in Compromise Financial Statement. (Included in this booklet.)
- Business Bank Accounts
 - List all types of accounts, including payroll, checking, savings, certificates of deposits, etc., held during the past three years.
 - Provide copies of the last three months of bank statements for every bank account and the closing statement for any account closed in the past two years.
- Current leases or rental agreements, either as landlord or tenant.
- Real Property Information
 - Mortgage statements (including current balance owed and amount of monthly payment) for each property the entity owns.
 - Most recent property tax bill for each property the entity owns.
 - Escrow statements for each property the entity currently owns, sold, or gifted in the last five years.
- IRS Information
 - If applicable, copy of IRS OIC application and determination letter or other IRS arrangements.
 - Copies of any notices of IRS adjustments or assessments that you have not reported to FTB.
 - Copies of any notices regarding an IRS audit for any tax years if the audit is still open.
- Vehicle Information
 - Copies of loan/lease statements for any vehicles.
- Power of Attorney
 - Copy of FTB 3520-BE, *Business Entity or Group Nonresident Power of Attorney Declaration*, if this offer is submitted by a designated representative.

Fax or mail your completed and signed application to:

Fax: 916.845.0479

Mail: OFFER IN COMPROMISE GROUP MS A453
FRANCHISE TAX BOARD
PO BOX 2966
RANCHO CORDOVA CA 95741-2966

If you have questions, refer to the section, **What you should know before preparing an Offer in Compromise**, in this booklet, or contact the Offer in Compromise Program at 916.845.4787.



Offer in Compromise Application – BE

California Business Entity Number _____

Business Entity Information

| | | | |
|-------------------------|-------|--|--|
| Name of Business Entity | | California Business Entity Number (Issued by Secretary of State) | |
| Address | | Phone Number | |
| City | State | ZIP Code | |

Primary Contact Information

| | | | |
|-------------------------|-------|--------------|-----------------------------------|
| Name of Primary Contact | | Title | Federal Employer ID Number (FEIN) |
| Address | | Phone Number | |
| City | State | ZIP Code | |

Assumers Information

| | | | |
|-----------------------------|-------|--------------|-----------------------------------|
| Name and Address of Assumer | | Title | Federal Employer ID Number (FEIN) |
| Address | | Phone Number | |
| City | State | ZIP Code | |

Representative Information (attach FTB 3520-BE, Business Entity or Group Power of Attorney Declaration).

| | | | |
|------------------------|-------|----------|--------------|
| Name of Representative | | Title | Phone Number |
| Address | | | |
| City | State | ZIP Code | |

Offer in Compromise Payment Information

The undersigned submits this OIC for payment of the California state tax liability as follows:

1. AMOUNT OWED

Tax Year(s) End ___ / ___ / ___ , ___ / ___ / ___ , ___ / ___ / ___ Amount Due _____
 Include tax, interest, and penalties.

2. OFFER

The sum of \$ _____ is offered in compromise.

We will instruct you when to pay the the offer amount. Do not send any funds now.

Select which of the following you would like FTB to do if this OIC is denied.

- Retain any amounts deposited and credit those amounts to the undersigned's liabilities.
- Return the amount deposited.

3. SOURCE OF FUNDS

a. Is all or part of the offer a loan? Yes No
 If yes, attach the loan agreement and provide the following information:

| | | |
|------------------|--------------|-----------------|
| Name of Lender | Phone Number | Amount Borrowed |
| Lender's Address | | |

b. Is all or part of the amount being offered a gift? Yes No
 If yes, provide the following information:

| | | |
|------------------------------------|--------------|----------------|
| Name of Donor | Phone Number | Amount of Gift |
| Donor's Relationship To The Entity | | |

Offer in Compromise Application – BE (Continued)

California Business Entity Number _____

c. Describe sources of offered funds other than those listed in a or b.

4. OWNERSHIP

List any individual, entity, or corporate owners with a 25% or greater interest in this entity.

| Name of Owner(s) | Percentage(%) Owned |
|------------------|---------------------|
| | |
| | |
| | |

Attach a separate sheet that identifies any and all parent or subsidiary relationships and the percentage of ownership.

5. BASIS FOR THE OFFER

The following facts and reasons are submitted as grounds for acceptance of this offer:

(Attach additional pages if more space is needed.)

6. It is understood this offer will be considered and acted upon in due course, and that it does not relieve the entity from the liability sought to be compromised, unless and until the offer is accepted by the Franchise Tax Board and there has been full compliance with the terms of the agreement, including any collateral agreement.
7. It is agreed, except for any amounts deposited in connection with this offer, the Franchise Tax Board will keep all payments and other credits made to the entity's account for the periods covered by this offer, and that the Franchise Tax Board will keep any and all amounts to which the entity may be entitled under the Revenue and Taxation Code, due through overpayments of any tax, penalty or interest, for any periods ending before the end of the calendar year in which this offer is accepted.
8. It is further agreed, upon the mailing of notice to the entity of the acceptance of the offer, the entity shall have no right to contest in court or otherwise the amount of the liability sought to be compromised. No compromise of any liability in this offer is final, until all the obligations of the business entity under the compromise agreement and collateral agreement are completely performed. In the event of a default by the entity on the compromised agreement, including any collateral agreement, it is agreed that the Franchise Tax Board may:
 - Rescind the compromise.
 - Re-establish all compromised liabilities.
 - Retain all amounts previously deposited under the offer.
 - Proceed to collect the remaining balance of the re-established liabilities.

The compromise agreement may also be rescinded for one or more of the following reasons:

- Failure to disclose any property information.
- Failure to file future required tax returns.
- Failure to pay final tax liabilities timely.
- Providing false records or statements relating to the assets or financial condition, by or on behalf of the entity, taxpayer, or any other person liable for the tax.

Signature Authorization

I hereby certify under penalty of perjury under the laws of California, that all information supplied on this form, including any attachment is true, correct, and complete to the best of my knowledge and ability.

| | |
|-----------------------|-------|
| Print Name | Title |
| Signature X | Date |

Franchise Tax Board Privacy Notice – To learn about your privacy rights, how we may use your information, and consequences if you do not provide information we request, go to ftb.ca.gov/Forms and search for 1131. To request this notice by mail, call 800.338.0505 and enter form code 948 when instructed.



Offer in Compromise Financial Statement – BE

Furnish the information requested on this form and include the OIC. It is important to complete each item. If the entity does not own a described item, write "None." "N/A" is not an acceptable response. Assets located outside of California or the U.S. must also be listed. Attach additional pages as necessary. Write your entity's name and number on all additional pages. Incomplete applications may be denied.

1. Business Entity Information

| | | | |
|-------------------------|--|----------|--|
| Name of Business Entity | California Business Entity Number (Issued by Secretary of State) | | |
| Address | Phone Number | | |
| City | State | ZIP Code | |

Primary Contact Information

| | | | |
|-------------------------|--------------|-----------------------------------|--|
| Name of Primary Contact | Title | Federal Employer ID Number (FEIN) | |
| Address | Phone Number | | |
| City | State | ZIP Code | |

2. Entity Officers/General Partners/Managing Members

Entity Officers/General Partners/Managing Members 1.

| | | | |
|---|------------------|------------------------|--|
| Name of Entity Officer, General Partner, or Managing Member | Title | Business Phone Number | |
| City | Physical Address | Business Email Address | |

Entity Officers/General Partners/Managing Members 2.

| | | | |
|---|------------------|------------------------|--|
| Name of Entity Officer, General Partner, or Managing Member | Title | Business Phone Number | |
| City | Physical Address | Business Email Address | |

3a. Business Bank Accounts

List **all** types of accounts, including payroll, checking, savings, certificates of deposits, etc., held during the past three years. Provide copies of the last three months of bank statements for every bank account and the closing statement for any account closed in the past two years.

Business Bank Account 1.

| | | | |
|---------------------|----------------|----------------|----------|
| Institution Name | | | |
| Institution Address | | | |
| City | | State | ZIP Code |
| Type of Account | Routing Number | Account Number | Balance |

Business Bank Account 2.

| | | | |
|---------------------|----------------|----------------|----------|
| Institution Name | | | |
| Institution Address | | | |
| City | | State | ZIP Code |
| Type of Account | Routing Number | Account Number | Balance |

Totals of Business Accounts Balances ▶

3b. Business Lines of Credit and Credit Cards

California Business Entity Number _____

Business Lines of Credit and Credit Cards 1.

| | | | |
|---------------------|------------------|-------------|-------------------------|
| Institution Name | | | |
| Institution Address | | | |
| City | | | State |
| | | | ZIP Code |
| Credit Limit | Credit Available | Amount Owed | Minimum Monthly Payment |

Business Lines of Credit and Credit Cards 2.

| | | | |
|--|------------------|---------------------------|-----------------------------------|
| Institution Name | | | |
| Institution Address | | | |
| City | | | State |
| | | | ZIP Code |
| Credit Limit | Credit Available | Amount Owed | Minimum Monthly Payment |
| Business Lines of Credit Totals ▶ | | Total of Credit Available | Total of Minimum Monthly Payments |

3c. Safe Deposit Boxes (List contents of all deposit boxes rented or accessed by your entity).

| | | | |
|---------------------|--------------|------------------------|----------|
| Institution Name | | | |
| Institution Address | | | |
| City | | | State |
| | | | ZIP Code |
| Box number | Box contents | Estimated market value | |

4. Pending Litigation (either against the entity or filed by the entity) and Pending Judgments

| Case Number | Court of Jurisdiction | Court Address | Amount Claimed |
|----------------|-----------------------|---------------|----------------|
| | | | |
| | | | |
| | | | |
| | | | |
| Total ▶ | | | |

5. Judgments/Settlements (not included in Accounts Receivable)

| Case Number | Court and Jurisdiction | Date Recorded | Judgment Amount | Award Amount |
|----------------|------------------------|---------------|-----------------|--------------|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| Total ▶ | | | | |

6. Life Insurance Policies

Life Insurance Policy 1.

| | | | |
|---|-----------------------|-------------------------|----------------------------|
| Insurance Company Name | Insurance Policy Name | Insurance Policy Number | Date Made |
| Present Cash Surrender Value Plus Accumulated Dividends | Policy Loan | Policy Amount | Automatic Premium Payments |

Life Insurance Policy 2.

| | | | |
|---|---|-------------------------|-------------------------------------|
| Insurance Company Name | Insurance Policy Name | Insurance Policy Number | Date Made |
| Present Cash Surrender Value Plus Accumulated Dividends | Policy Loan | Policy Amount | Automatic Premium Payments |
| Total of Life Insurance Policies ▶ | Total Present Cash Surrender Value Plus Accumulated Dividends | Total of Policy Loans | Total of Policy Amounts |
| | | | Total of Automatic Premium Payments |

Assets and Liabilities

Furnish your entity's **most recent balance sheet and profit and loss statement.**
 Include all interests in estates, trusts, and other property rights, including contingent interests and remainders.

7. Statement of Assets and Liabilities as of ____/____/____ (date required)

| | Cost (less depreciation) | Fair Market Value |
|--|--------------------------|-------------------|
| a. Assets | | |
| Cash | | |
| Cash Surrender Value of Insurance (Go to item 6) | | |
| Accounts Receivables (Go to item 8a) | | |
| Notes Receivables (Go to item 8b) | | |
| Real Estate (Go to item 10) | | |
| Machinery and Equipment (Go to item 13) | | |
| Automobiles, Trucks, and Other Vehicles (Go to item 16) | | |
| Aircraft (Go to item 14) | | |
| Watercraft (Go to item 15) | | |
| Securities (Go to item 11) | | |
| Judgments/Settlements not included in Accounts Receivables (Go to item 5) | | |
| Loans to Entity's Officers, General Partners, Members (not included in Notes Receivables, above) (Go to item 17) | | |
| Other Assets (Go to item 20) | | |
| Total Assets ▶ | | |
| b. Liabilities | | |
| Loans to Entity's Officers, General Partners, Members (not included in Notes Receivables) (Go to item 17) | | |
| Accounts Payable | | |
| Notes Payable | | |
| Other Loans | | |
| Mortgages (Go to item 10) | | |
| Judgments/Settlements not included in Accounts Payable (Go to item 5) | | |
| Loans from Entity's Officers, Partners, Members, Shareholders (not included in Accounts Payable) (Go to item 17) | | |
| Other Liabilities (describe) | | |
| Reserves (itemize) | | |
| | | |
| | | |
| Total Liabilities ▶ | | |

8a. Accounts Receivable

California Business Entity Number _____

| Accounts Receivable | Address | Book Value | Amount Due |
|---------------------|---------|------------|------------|
| | | | |
| | | | |
| | | | |
| | | | |
| Total ▶ | | | |

8b. Notes Receivable

| Notes Receivable | Address | Book Value | Amount Due |
|------------------|---------|------------|------------|
| | | | |
| | | | |
| | | | |
| | | | |
| Total ▶ | | | |

9. Liquor License

| | | | |
|--|--------------------|------------------|----------------------|
| Business | County of Business | Type of Business | License Number |
| Type of License | Date Acquired | Date Expires | Current Market Value |
| Total Market Value of Liquor Licenses ▶ | | | |

10. Real Estate (Residential, Commercial, and Undeveloped Land)

| Property Address/Assessor Parcel Number | Cost | Fair Market Value | Balance Due on Mortgage | Equity Value |
|---|------|-------------------|-------------------------|--------------|
| | | | | |
| | | | | |
| | | | | |
| Total ▶ | | | | |

11. Securities (Stocks, Bonds, etc.)

| Name of Security | Number of Shares | Cost | Fair Market Value |
|------------------|------------------|------|-------------------|
| | | | |
| | | | |
| | | | |
| Total ▶ | | | |

12. Business References

| Client/Vendor Name | Address | Relationship to Entity | Phone Number |
|--------------------|---------|------------------------|--------------|
| | | | |
| | | | |
| | | | |
| | | | |

13. Machinery and Equipment

California Business Entity Number _____

Machinery and Equipment 1.

| | | | | |
|-----------------------|-------------------|--------------|--------------------------|-------------------|
| Manufacturer | | Model Number | Function | Date Purchased |
| Price at time of sale | Remaining Balance | Note Payable | Cost (less depreciation) | Fair Market Value |

Machinery and Equipment 2.

| | | | | |
|-----------------------|-------------------|--------------|--------------------------|-------------------|
| Manufacturer | | Model Number | Function | Date Purchased |
| Price at time of sale | Remaining Balance | Note Payable | Cost (less depreciation) | Fair Market Value |

| | | | | |
|--|--|------------------------|--------------------------------|----------------------------|
| Total Balances of Machinery and Equipment ▶ | | Total of Notes Payable | Total Cost (less depreciation) | Total of Fair Market Value |
|--|--|------------------------|--------------------------------|----------------------------|

14. Aircraft

| | | | | | |
|-----------------|--|-------------------|---------------|--------------------------|-------------------|
| Manufacturer | | Model | Year of Model | Tail Number | Fair Market Value |
| Hangar Location | | Remaining Balance | Note Payable | Cost (less depreciation) | |

| | | | | |
|-------------------------------------|--|------------------------|--------------------------------|----------------------------|
| Total Balances of Aircraft ▶ | | Total of Notes Payable | Total Cost (less depreciation) | Total of Fair Market Value |
|-------------------------------------|--|------------------------|--------------------------------|----------------------------|

15. Watercraft

| | | | | | |
|------------------|--|-------------------|---------------|--------------------------|-------------------|
| Manufacturer | | Model | Year of Model | Hull Number | Fair Market Value |
| Docking Location | | Remaining Balance | Note Payable | Cost (less depreciation) | |

| | | | | |
|---------------------------------------|--|------------------------|--------------------------------|----------------------------|
| Total Balances of Watercraft ▶ | | Total of Notes Payable | Total Cost (less Depreciation) | Total of Fair Market Value |
|---------------------------------------|--|------------------------|--------------------------------|----------------------------|

16. Automobiles, Trucks, and Other Vehicles

Automobiles, Trucks, and Other Vehicles 1.

| | | | | |
|----------------------|-------------------|--------------|--------------------------|-------------------|
| Manufacturer | | Model | Year of Model | VIN Number |
| License Plate Number | Remaining Balance | Note Payable | Cost (less depreciation) | Fair Market Value |

Automobiles, Trucks, and Other Vehicles 2.

| | | | | |
|----------------------|-------------------|--------------|--------------------------|-------------------|
| Manufacturer | | Model | Year of Model | VIN Number |
| License Plate Number | Remaining Balance | Note Payable | Cost (less depreciation) | Fair Market Value |

Automobiles, Trucks, and Other Vehicles 3.

| | | | | |
|----------------------|-------------------|--------------|--------------------------|-------------------|
| Manufacturer | | Model | Year of Model | VIN Number |
| License Plate Number | Remaining Balance | Note Payable | Cost (less depreciation) | Fair Market Value |

Automobiles, Trucks, and Other Vehicles 4.

| | | | | |
|----------------------|-------------------|--------------|--------------------------|-------------------|
| Manufacturer | | Model | Year of Model | VIN Number |
| License Plate Number | Remaining Balance | Note Payable | Cost (less depreciation) | Fair Market Value |

| | | | | |
|--|--|------------------------|--------------------------------|----------------------------|
| Total Balances of Automobiles, Trucks, and Other Vehicles ▶ | | Total of Notes Payable | Total Cost (less Depreciation) | Total of Fair Market Value |
|--|--|------------------------|--------------------------------|----------------------------|

17. Loans to Entity's Officers, General Partners, Members (not included in Notes Receivables)

| Recipient's Name and Title | Date Loan Originated | Loan Amount | Outstanding Balance |
|----------------------------|----------------------|-------------|---------------------|
| | | | |
| | | | |
| | | | |
| Total ▶ | | | |

18. Statement of Income – Business Entity

California Business Entity Number _____

IMPORTANT: Provide the requested information in the Gross Income section (from income tax returns, as adjusted, for the last two years and from records for current year from January 1 to the current date). Each year listed must be filled in, even if the entity had no income. If no income, enter \$0.

| a. Gross Income | 20_____ | 20_____ | Jan 1 to _____ 20_____ |
|---|---------|---------|------------------------|
| Gross sales or receipts (Subtract returns and allowances) | | | |
| Cost of goods sold | | | |
| Gross profit – trading or manufacturing | | | |
| Gross profit – from other sources | | | |
| Interest income | | | |
| Rents and royalties | | | |
| Gains and losses (<i>From Schedule D</i>) | | | |
| Dividends | | | |
| Other (Specify) | | | |
| Other (Specify) | | | |
| Other (Specify) | | | |
| Total Income ▶ | | | |
| b. Deductions | 20_____ | 20_____ | Jan 1 to _____ 20_____ |
| Compensation of officers | | | |
| Salaries and wages (Not deducted elsewhere) | | | |
| Rents | | | |
| Repairs | | | |
| Bad debts | | | |
| Interest | | | |
| Taxes | | | |
| Losses | | | |
| Dividends | | | |
| Depreciation and depletion | | | |
| Contributions | | | |
| Advertising | | | |
| Other (Specify) | | | |
| Other (Specify) | | | |
| Other (Specify) | | | |
| Total Deductions ▶ | | | |
| Net Income (loss) ▶ | | | |
| Nontaxable Income ▶ | | | |

19. Salaries Paid to or Other Distributions to Principal Officers California Business Entity Number _____
 IMPORTANT: Provide salaries paid to principal officers for the most recent accounting period. Specify Tax Year End: __/__/____

| Officer's Name | Title | Salaries | Dividends Paid | Other |
|----------------|-------|----------|----------------|-------|
| | | | | |
| | | | | |
| | | | | |
| Total ▶ | | | | |

20. Other Assets

| Description | Estimated Value | Location |
|----------------|-----------------|----------|
| | | |
| | | |
| | | |
| Total ▶ | | |

21. Disposal of Assets

From the beginning of the taxable period covered by this OIC to the present date, has there been a disposition of any assets or property with a cost or fair market value of more than \$1000, except sales of inventory in the ordinary course of business for full value at the time of sale, transfer, exchange, gift or other disposition?

No Yes (If yes, furnish the following information and supporting documentation (e.g., bill of sale or escrow closing statement).

| Description of Asset | Date of Transfer | Fair Market Value When Transferred | Consideration Received | Relationship of Transferee to Taxpayer |
|----------------------|------------------|------------------------------------|------------------------|--|
| | | | | |
| | | | | |
| | | | | |

22. Does the business own any assets or interests in assets, either actual or contingent, other than those listed above?

No Yes (If yes, furnish the information in the following space).

23. a. Are foreclosure proceedings pending on any real estate that the entity owns or has an interest in? Yes No

b. If yes, give location of real estate.

c. Was the government made a party to the suit? Yes No

24. a. Are bankruptcy or receivership proceedings pending? (If yes add Case No. _____ and Court _____) Yes No

b. Is the business in process of liquidation? Yes No

25. What is the prospect of an increase in value of assets or in present income? (Give general statement).

26. Affidavit

Signature Authorization

I hereby certify under penalty of perjury under the laws of California, that all information supplied on this form, including any attachment is true, correct, and complete to the best of my knowledge and ability.

| | | |
|-----------------------|-------|------|
| Signature X | Title | Date |
|-----------------------|-------|------|

Franchise Tax Board Privacy Notice

To learn about your privacy rights, how we may use your information, and consequences if you do not provide information we request, go to ftb.ca.gov/Forms and search for **1131**. To request this notice by mail, call 800.338.0505 and enter form code 948 when instructed.

Questions and Answers

Q. What does the Franchise Tax Board (FTB) consider a fair offer in relation to the amount due?

A. Generally, we will accept an offer when the amount offered is more than we can expect to collect within a reasonable period of time.

Q. Can I make payments on the offered amount?

A. No, we require a lump sum payment of the offered amount.

Q. Can prior payments be applied to the offered amount?

A. We cannot apply prior payments toward the offered amount. However, we will consider the total of the prior payments and the offered amount in relation to the total liability when evaluating your offer.

Q. My Internal Revenue Service (IRS) Offer in Compromise (OIC) has been accepted. Will FTB automatically approve my offer?

A. No, we will evaluate your FTB offer separately from your IRS offer.

Q. If FTB determines that my offer is not acceptable, will I be contacted?

A. Yes. We will contact you to discuss your account and to determine the most appropriate resolution. For example, if we determine that the entity has the ability to make monthly payments which will exceed the amount offered, we will work with you to establish an installment agreement.

Q. Will state tax liens be released if the offer is accepted?

A. Generally, we release state tax liens upon final approval of your OIC.

Q. Do I need to have someone represent me?

A. Representation is not required. The OIC program is available to all taxpayers, whether or not they are represented.

Q. Can I get relief from the tax liability by filing bankruptcy?

A. Part or all of the entity's tax liabilities may be dischargeable under the Bankruptcy Code in some circumstances. If this is a consideration, you may want to seek legal advice.

Q. Can I apply for an OIC if I have no funds to offer?

A. No, we will not accept a zero dollar offer. Your offer must represent the most FTB can expect to collect over a reasonable period of time.

Q. What is the collateral agreement?

A. This is a contractual agreement between the entity and the State of California, where the state agrees not to pursue collection of amounts owed by the entity in exchange for a pledge of a percentage of the entity's income that is in excess of a specified amount. The collateral agreement is in conjunction with an OIC and is generally for a period of five years.

Q. If my offer is approved, will the entity have to sign a collateral agreement?

A. If the entity has limited potential for increased earnings, we will generally not require a collateral agreement.