



**U.S. Department of Justice**  
Tax Division

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DJ  
CMN

[Date]

Mr./Mrs./Ms. [Name]  
[Address]

Re: [Case caption, court docket no., district]

Dear Mr./Mrs./Ms. [Name]:

This refers to your offer dated \_\_\_\_\_, [submitted on behalf of the plaintiff(s),] to settle this case [the Internal Revenue Service's claim asserted in the above-entitled case(s) [against \_\_\_\_\_ for [\_\_\_\_\_ (tax(es)) [Section 6672 penalty with respect to (name of corporation) \_\_\_\_\_] for the period \_\_\_\_\_] [against (describe the particular fund or property which is the subject of the settlement \_\_\_\_\_] on the following basis:

This offer has been accepted on behalf of the Attorney General [on condition that payment be made within 30 days from the date of this letter] [and] [with the understanding that (no part of the payment is deductible for federal income tax purposes) (this settlement does not constitute a compromise of the tax liability of \_\_\_\_\_)].<sup>1</sup> The Chief Counsel, Internal Revenue Service, [and the United States Attorney] [has] [have] been notified of this action.

[Please deposit with this Tax Division, within 30 days of the date of this letter [unless offer or condition specifies different date], a cashier's or certified check payable to the "U.S. Treasury" in the amount of \$\_\_\_\_\_] and bearing a notation as to the taxpayer's (social security number) (identification number) and the court case no. referenced above.]

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<sup>1</sup> Ideally, the timing of the payment should be covered in the offer, and, if not in the offer, in the acknowledgment letter. There is a danger in imposing a condition to the acceptance since, in effect, it constitutes a counteroffer and, thus, there may not be a binding contract. On the other hand, if the timing of the payment is not covered in the offer or by a condition of acceptance, payment may not be made until some time in the distant future. Generally, payment should be required within 30 days. Similarly, it is preferable that the matter of attorneys fees and nondeductibility of the payment be resolved by the acknowledgment letter.

[The first installment payment under the settlement is due on \_\_\_\_\_]. That payment and each succeeding payment (also) should be by a cashier's or certified check payable to the "U.S. Treasury" and bearing a notation as to the taxpayer's (social security number) (identification number).]

If sending the check by any delivery method other than the US Postal Service, such as FedEx or UPS, send the payment to:

Tax FLU, Office of Review  
555 4th Street, NW  
Room # 6647  
Washington DC 20001

If sending the check by U.S. Postal Service, send the payment to:

Tax FLU, Office of Review  
P.O. Box 310  
Ben Franklin Station  
Washington DC 20044-0310

If you would like to arrange for payment by an electronic funds transfer, by credit card, or by direct withdrawal from your checking account, please contact the Tax FLU at (202) 307-6567 to make arrangements.

[The payments required under the collateral agreement should be sent to the Internal Revenue Service, [(P.O. Box \_\_\_\_), (address) \_\_\_\_\_, (city) \_\_\_\_\_, (state) \_\_\_\_\_ (zip code) \_\_\_\_\_. Attention: \_\_\_\_\_].

[There are enclosed an original and one copy of a stipulation for dismissal of [the above-entitled case(s)] [the Internal Revenue Service's claim described above] with prejudice. Please execute the original and return it to this office. Upon receipt of the amount due, we will execute the stipulation and file it with the court, returning an executed copy to you.] [After receipt of the amount due, the Internal Revenue Service will [release the lien(s) against (name of taxpayer) \_\_\_\_\_ for the [tax(es)] [penalty] at issue in this case] [discharge (describe fund or property involved) \_\_\_\_\_ from the lien(s) against (name of taxpayer) \_\_\_\_\_ for the [tax(es)] [penalty] at issue in this case].]<sup>2</sup>

[OR]

<sup>2</sup> A lien should be released only when the tax liability is going to be totally extinguished as a result of the settlement. On the other hand, property should be discharged from the lien when the lien will no longer attach to that property as the result of the settlement, but will otherwise remain in full force and effect.

[There are enclosed an original and one copy of a stipulation for entry of judgment in the Government's favor (for the full amount of its claim).<sup>3</sup> Please execute the original and return it to this office within 30 days of the date of this letter for filing. We will request the clerk to forward to the parties a copy of the judgment when it is entered. Upon receipt of the total amount due under this settlement [including amounts due under the collateral agreement], we will file a satisfaction of judgment with the court [and the Internal Revenue Service will [release the lien(s) against (name of taxpayer) \_\_\_\_\_ for the [tax(es)] [penalty] at issue in this case] [discharge (describe fund or property involved) \_\_\_\_\_ from the lien(s) against (name of taxpayer) \_\_\_\_\_ for the [tax(es)] [penalty] at issue in this case].<sup>4</sup>

Sincerely yours,

cc: IRS Counsel  
[United States Attorney]

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<sup>3</sup> If the settlement is based solely on collectibility, judgment should be entered for the full amount of the Government's claim, plus interest. The judgment will be marked satisfied when the Government receives the total amount to be paid in compromise, including amounts due under a collateral agreement.

<sup>4</sup> See note 2, above.