

sonary or remainder interest is included in the gross estate, see section 6165.

(b) Release of lien or seized property

(1) For the release of the lien provided for in section 6325 by furnishing the Secretary a bond, see section 6325(a)(2).

(2) For bond to obtain release of perishable goods which have been seized under forfeiture proceeding, see section 7324(3).

(3) For bond to release perishable goods under levy, see section 6336.

(4) For bond executed by claimant of seized goods valued at \$100,000 or less, see section 7325(3).

(c) Miscellaneous

(1) For bond as a condition precedent to the allowance of the credit for accrued foreign taxes, see section 905(c).

(2) For bonds relating to alcohol and tobacco taxes, see generally subtitle E.

(Aug. 16, 1954, ch. 736, 68A Stat. 847; Pub. L. 89-44, title VIII, §802(b)(3), June 21, 1965, 79 Stat. 159; Pub. L. 91-513, title III, §1102(e), Oct. 27, 1970, 84 Stat. 1292; Pub. L. 92-310, title II, §230(c), June 6, 1972, 86 Stat. 209; Pub. L. 93-490, §3(b)(7), Oct. 26, 1974, 88 Stat. 1467; Pub. L. 94-455, title XII, §1204(c)(10), title XIX, §1906(a)(40), (b)(13)(A), Oct. 4, 1976, 90 Stat. 1699, 1830, 1834; Pub. L. 95-628, §9(b)(2), Nov. 10, 1978, 92 Stat. 3633; Pub. L. 99-514, title XV, §1566(c), Oct. 22, 1986, 100 Stat. 2763.)

AMENDMENTS

1986—Subsec. (b)(4). Pub. L. 99-514 substituted “\$100,000” for “\$1,000”.

1978—Subsec. (a)(4). Pub. L. 95-628 added par. (4).

1976—Subsec. (a)(4). Pub. L. 94-455, §1204(c)(10), struck out par. (4) which made reference to section 6851(e) as covering the furnishing of bond where a taxable year is closed by the Secretary or his delegate.

Subsec. (b)(1). Pub. L. 94-455, §1906(b)(13)(A), struck out “or his delegate” after “Secretary”.

Subsec. (d). Pub. L. 94-455, §1906(a)(40), struck out subsec. (d) which made cross references to provisions covering bonds required with respect to articles taxable under chapter B of chapter 37 processed for exportation without payment of tax, oleomargarine removed from the place of manufacture for exportation to a foreign country, and the manufacture of oleomargarine, process, renovated, or adulterated butter, and white phosphorus matches.

1974—Subsec. (d)(3)(C). Pub. L. 93-490 struck out subpar. (C) relating to manufacturers of filled cheese and which made reference to section 4833(c).

1972—Subsec. (e). Pub. L. 92-310 repealed subsec. (e) which contained cross references for personnel bonds.

1970—Subsec. (d)(3)(D). Pub. L. 91-513 struck out subpar. (D) which related to the manufacturer of opium suitable for smoking and which made reference to section 4713(b).

1965—Subsec. (d)(3)(F). Pub. L. 89-44 struck out subpar. (F) relating to producers and importers of gasoline and manufacturers and producers of lubricating oils.

EFFECTIVE DATE OF 1986 AMENDMENT

Amendment by Pub. L. 99-514 effective Oct. 22, 1986, see section 1566(e) of Pub. L. 99-514, set out as a note under section 7325 of this title.

EFFECTIVE DATE OF 1978 AMENDMENT

Amendment by Pub. L. 95-628 applicable with respect to penalties assessed more than 60 days after Nov. 10, 1978, see section 9(c) of Pub. L. 95-628, set out as a note under section 6672 of this title.

EFFECTIVE DATE OF 1976 AMENDMENT

Amendment by section 1204(c)(10) of Pub. L. 94-455 applicable with respect to action taken under section

6851, 6861, or 6862 of this title where notice and demand takes place after Feb. 28, 1977, see section 1204(d) of Pub. L. 94-455, as amended, set out as a note under section 6851 of this title.

EFFECTIVE DATE OF 1974 AMENDMENT

Amendment by Pub. L. 93-490 applicable to filled cheese manufactured, imported, or sold after Oct. 26, 1974, see section 3(c) of Pub. L. 93-490, set out as an Effective Date of Repeal note under section 4831 of this title.

EFFECTIVE DATE OF 1970 AMENDMENT

Amendment by Pub. L. 91-513 effective on first day of seventh calendar month that begins after Oct. 26, 1970, see section 1105(a) of Pub. L. 91-513, set out as an Effective Date note under section 951 of Title 21, Food and Drugs.

EFFECTIVE DATE OF 1965 AMENDMENT

Amendment by Pub. L. 89-44 applicable with respect to articles sold on or after July 1, 1965, see section 802(d)(1) of Pub. L. 89-44, set out as a note under section 4082 of this title.

SAVINGS PROVISION

Prosecutions for any violation of law occurring, and civil seizures or forfeitures and injunctive proceedings commenced, prior to the effective date of amendment of this section by section 1102 of Pub. L. 91-513 not to be affected or abated by reason thereof, see section 1103 of Pub. L. 91-513, set out as a note under section 171 of Title 21, Food and Drugs.

CHAPTER 74—CLOSING AGREEMENTS AND COMPROMISES

Sec.

7121.	Closing agreements.
7122.	Compromises.
7123.	Appeals dispute resolution procedures.
7124.	Cross references.

AMENDMENTS

1998—Pub. L. 105-206, title III, §3465(a)(2), July 22, 1998, 112 Stat. 768, added items 7123 and 7124 and struck out former item 7123 “Cross references”.

§ 7121. Closing agreements

(a) Authorization

The Secretary is authorized to enter into an agreement in writing with any person relating to the liability of such person (or of the person or estate for whom he acts) in respect of any internal revenue tax for any taxable period.

(b) Finality

If such agreement is approved by the Secretary (within such time as may be stated in such agreement, or later agreed to) such agreement shall be final and conclusive, and, except upon a showing of fraud or malfeasance, or misrepresentation of a material fact—

(1) the case shall not be reopened as to the matters agreed upon or the agreement modified by any officer, employee, or agent of the United States, and

(2) in any suit, action, or proceeding, such agreement, or any determination, assessment, collection, payment, abatement, refund, or credit made in accordance therewith, shall not be annulled, modified, set aside, or disregarded.

(Aug. 16, 1954, ch. 736, 68A Stat. 849; Pub. L. 94-455, title XIX, §1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1834.)

AMENDMENTS

1976—Subsecs. (a), (b). Pub. L. 94-455 struck out “or his delegate” after “Secretary”.

§ 7122. Compromises**(a) Authorization**

The Secretary may compromise any civil or criminal case arising under the internal revenue laws prior to reference to the Department of Justice for prosecution or defense; and the Attorney General or his delegate may compromise any such case after reference to the Department of Justice for prosecution or defense.

(b) Record

Whenever a compromise is made by the Secretary in any case, there shall be placed on file in the office of the Secretary the opinion of the General Counsel for the Department of the Treasury or his delegate, with his reasons therefor, with a statement of—

- (1) The amount of tax assessed,
- (2) The amount of interest, additional amount, addition to the tax, or assessable penalty, imposed by law on the person against whom the tax is assessed, and
- (3) The amount actually paid in accordance with the terms of the compromise.

Notwithstanding the foregoing provisions of this subsection, no such opinion shall be required with respect to the compromise of any civil case in which the unpaid amount of tax assessed (including any interest, additional amount, addition to the tax, or assessable penalty) is less than \$50,000. However, such compromise shall be subject to continuing quality review by the Secretary.

(c) Rules for submission of offers-in-compromise**(1) Partial payment required with submission****(A) Lump-sum offers****(i) In general**

The submission of any lump-sum offer-in-compromise shall be accompanied by the payment of 20 percent of the amount of such offer.

(ii) Lump-sum offer-in-compromise

For purposes of this section, the term “lump-sum offer-in-compromise” means any offer of payments made in 5 or fewer installments.

(B) Periodic payment offers**(i) In general**

The submission of any periodic payment offer-in-compromise shall be accompanied by the payment of the amount of the first proposed installment.

(ii) Failure to make installment during pendency of offer

Any failure to make an installment (other than the first installment) due under such offer-in-compromise during the period such offer is being evaluated by the Secretary may be treated by the Secretary as a withdrawal of such offer-in-compromise.

(2) Rules of application**(A) Use of payment**

The application of any payment made under this subsection to the assessed tax or other amounts imposed under this title with respect to such tax may be specified by the taxpayer.

(B) Application of user fee

In the case of any assessed tax or other amounts imposed under this title with respect to such tax which is the subject of an offer-in-compromise to which this subsection applies, such tax or other amounts shall be reduced by any user fee imposed under this title with respect to such offer-in-compromise.

(C) Waiver authority

The Secretary may issue regulations waiving any payment required under paragraph (1) in a manner consistent with the practices established in accordance with the requirements under subsection (d)(3).

(3) Exception for low-income taxpayers

Paragraph (1), and any user fee otherwise required in connection with the submission of an offer-in-compromise, shall not apply to any offer-in-compromise with respect to a taxpayer who is an individual with adjusted gross income, as determined for the most recent taxable year for which such information is available, which does not exceed 250 percent of the applicable poverty level (as determined by the Secretary).

(d) Standards for evaluation of offers**(1) In general**

The Secretary shall prescribe guidelines for officers and employees of the Internal Revenue Service to determine whether an offer-in-compromise is adequate and should be accepted to resolve a dispute.

(2) Allowances for basic living expenses**(A) In general**

In prescribing guidelines under paragraph (1), the Secretary shall develop and publish schedules of national and local allowances designed to provide that taxpayers entering into a compromise have an adequate means to provide for basic living expenses.

(B) Use of schedules

The guidelines shall provide that officers and employees of the Internal Revenue Service shall determine, on the basis of the facts and circumstances of each taxpayer, whether the use of the schedules published under subparagraph (A) is appropriate and shall not use the schedules to the extent such use would result in the taxpayer not having adequate means to provide for basic living expenses.

(3) Special rules relating to treatment of offers

The guidelines under paragraph (1) shall provide that—

- (A) an officer or employee of the Internal Revenue Service shall not reject an offer-in-compromise from a low-income taxpayer