



Dirty Dozen: IRS urges anyone having trouble paying their taxes to avoid anyone claiming they can settle tax debt for pennies on the dollar, known as OIC mills

IR-2022-119, June 7, 2022

WASHINGTON — As the 6th item on the 2022 "Dirty Dozen" scams warning list, the Internal Revenue Service today cautioned taxpayers with pending tax bills to contact the IRS directly and not go to unscrupulous tax companies that use local advertising and falsely claiming they can resolve unpaid taxes for pennies on the dollar.

"No one can get a better deal for taxpayers, than they can usually get for themselves by working directly with the IRS to resolve their tax issues," said IRS Commissioner Chuck Rettig. "Taxpayers can check online for their best deal, as well as calling a specialized collection line where they can get fast service by using voice and chat bots or opting to speak with a live phone assistant."

Offer in Compromise (OIC) "mills" make outlandish claims usually in local advertising regarding how they can settle a person's tax debt for pennies on the dollar. The reality usually is that taxpayers pay the OIC mill a fee to get the same deal they could have gotten on their own by working directly with the IRS.

The IRS has compiled the annual Dirty Dozen list for more than 20 years as a way of alerting taxpayers and the tax professional community about scams and schemes. The list is not a legal document or a literal listing of agency enforcement priorities. It is designed to raise awareness among a variety of audiences that may not always be aware of developments involving tax administration.

OIC mills are a problem all year long but tend to be more visible right after the filing season is over and taxpayers are trying to resolve their tax issues perhaps after receiving a balance due notice in the mail.

For those who feel they need help, there are many reputable tax professionals available, and there are important tools that can help people find the right practitioner for their needs. IRS.gov is a good place to start scoping out what to do.

These "mills" contort the IRS program into something it's not — misleading people with no chance of meeting the requirements while charging excessive fees, often thousands of dollars.

An "offer," or OIC, is an agreement between a taxpayer and the IRS that resolves the taxpayer's tax debt. The IRS has the authority to settle, or "compromise," federal tax liabilities by accepting less than full payment under certain circumstances. However, some promoters are inappropriately advising indebted taxpayers to file an OIC application with the IRS, even though the promoters know the person won't qualify. This costs honest taxpayers money and time.

Before taxpayers start investing time to do the paperwork necessary to submit an offer, they'll want to check out the IRS's [Offer in Compromise Pre-Qualifier Tool](#) to make sure they're eligible to file one. (Note: even though individuals and businesses can submit an offer, the tool is currently only available to individuals.)

The IRS also created an OIC video playlist that leads taxpayers through a series of steps and forms to help them calculate an appropriate offer based on their assets, income, expenses and future earning potential. Find these helpful, easy to navigate videos at irsvideos.gov/oic.

The IRS reminds taxpayers that under the First Time Penalty Abatement policy, taxpayers can go directly to the IRS for administrative relief from a penalty that would otherwise be added to their tax debt.

OIC mills are one example of unscrupulous tax preparers. Taxpayers should be wary of unscrupulous "ghost" preparers and aggressive promises of manufacturing a bigger refund.

Ghost preparers: Although most tax preparers are ethical and trustworthy, taxpayers should be wary of preparers who won't sign the tax returns they prepare, often referred to as ghost preparers. For e-filed returns, the "ghost" will prepare the return, but refuse to digitally sign as the paid preparer.

By law, anyone who is paid to prepare, or assists in preparing federal tax returns, must have a valid Preparer Tax Identification Number (PTIN). Paid preparers must sign and include their PTIN on the return.

Inflated refunds: Not signing a return is a red flag that the paid preparer may be looking to make a quick profit by promising a big refund or charging fees based on the size of the refund.

Unscrupulous tax return preparers may also:

- Require payment in cash only and will not provide a receipt.
- Invent income to qualify their clients for tax credits.
- Claim fake deductions to boost the size of the refund.
- Direct refunds into their bank account, not the taxpayer's account.

Choose wisely. The [Choosing a Tax Professional page](#) on IRS.gov has information about tax preparer credentials and qualifications. The [IRS Directory of Federal Tax Return Preparers](#) with Credentials and Select Qualifications can help identify many preparers by type of credential or qualification.

Taxpayers are legally responsible for what's on their tax return even if it is prepared by someone else.

Page Last Reviewed or Updated: 09-Jun-2022