and manufacturers and producers of lubricating oils.  
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 L. 92–330 repealed subsec.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**

**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 8(c) of Pub. L. 95–628, set out as a note under section 6872 of this title.

**Effective Date of 1976 Amendment**
Amendment by section 125(h)(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 125(d) of Pub. L. 94–455, as amended, set out as a note under section 6881 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**

§ 7122. Compromises

(a) Authorization

The Secretary shall, in the Secretary’s discretion, accept an offer-in-compromise with respect to taxes assessed, additional amounts, additions to the tax, or assessable penalties in any case where—

(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.


**AMENDMENTS**
1996—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) 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 solely on the basis of the amount of the offer; and

(B) in the case of an offer-in-compromise which relates only to issues of liability of the taxpayer—

(i) such offer shall not be rejected solely because the Secretary is unable to locate the taxpayer’s return or return information for verification of such liability; and

(ii) the taxpayer shall not be required to provide a financial statement.

(d) Administrative review

The Secretary shall establish procedures—

(1) for an independent administrative review of any rejection of a proposed offer-in-compromise or installment agreement made by a taxpayer under this section or section 6159 before such rejection is communicated to the taxpayer; and

(2) which allow a taxpayer to appeal any rejection of such offer or agreement to the Internal Revenue Service Office of Appeals.


Amendments


1996—Subsec. (b). Pub. L. 105–206 substituted “$50,000. However, such compromise shall be subject to continuing quality review by the Secretary.” for “$500.”

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

II

§7123. Appeals dispute resolution procedures

(a) Early referral to appeals procedures

The Secretary shall prescribe procedures by which any taxpayer may request early referral of 1 or more unresolved issues from the examination or collection division to the Internal Revenue Service Office of Appeals.

(b) Alternative dispute resolution procedures

(1) Mediation

The Secretary shall prescribe procedures under which a taxpayer or the Internal Revenue Service Office of Appeals may request non-binding mediation on any issue unresolved at the conclusion of—

(A) appeals procedures; or

(B) unsuccessful attempts to enter into a closing agreement under section 7121 or a compromise under section 7122.

(2) Arbitration

The Secretary shall establish a pilot program under which a taxpayer and the Internal Revenue Service Office of Appeals may jointly request binding arbitration on any issue unresolved at the conclusion of—

(A) appeals procedures; or

(B) unsuccessful attempts to enter into a closing agreement under section 7121 or a compromise under section 7122.


Prior Provisions

A prior section 7121 was renumbered section 7124 of this title.

§7124. Cross references

For criminal penalties for concealment of property, false statement, or falsifying and destroying records, in connection with any closing agreement, compromise, or offer of compromise, see section 7206.

§ 7203

Any person required under this title to pay any estimated tax or tax, or required by this title or by regulations made under authority thereof to make a return, keep any records, or supply any information, who willfully fails to pay such estimated tax or tax, make such return, keep such records, or supply such information, at the time or times required by law or regulations, shall, in addition to other penalties provided by law, be guilty of a misdemeanor and, upon conviction thereof, shall be fined not more than $25,000 ($100,000 in the case of a corporation), or imprisoned not more than 5 years, or both, together with the costs of prosecution.


AMENDMENTS
1990—Pub. L. 101–647 substituted “‘substituting ‘felony’ for ‘misdemeanor’ and ‘5 years’ for ‘1 year’”, "for ‘misdemeanor’ and ‘5 years’ for ‘1 year’".

Amendments made by this section [amending this section; substituting “$100,000 ($500,000 in the case of a corporation)”’ for “$10,000”.

§ 7202. Willful failure to collect or pay over tax

Any person required under this title to collect, account for, and pay over any tax imposed by this title who willfully fails to collect or truthfully account for and pay over such tax shall, in addition to other penalties provided by law, be guilty of a felony and, upon conviction thereof, shall be fined not more than $100,000 ($500,000 in the case of a corporation), or imprisoned not more than 5 years, or both, together with the costs of prosecution.


AMENDMENTS
1982—Pub. L. 97–248 substituted “$100,000 ($500,000 in the case of a corporation)”’ for “$10,000”.

Effective Date of 1982 Amendment
Section 329(e) of Pub. L. 97–248 provided that: ‘‘The amendments made by this section [amending this section and sections 7203, 7206, and 7207 of this title] shall apply to offenses committed after the date of the enactment of this Act [Sept. 3, 1982].’’

§ 7203. Willful failure to file return, supply information, or pay tax

Any person required under this title to pay any estimated tax or tax, or required by this title or by regulations made under authority thereof to make a return, keep any records, or supply any information, who willfully fails to pay such estimated tax or tax, make such return, keep such records, or supply such information, at the time or times required by law or regulations, shall, in addition to other penalties provided by law, be guilty of a misdemeanor and, upon conviction thereof, shall be fined not more than $25,000 ($100,000 in the case of a corporation), or imprisoned not more than 1 year, or both, together with the costs of prosecution. In the case of any person with respect to whom there is a failure to pay any estimated tax, this section shall not apply to such person with respect to such failure if there is no addition to tax under section 6654 or 6655 with respect to such failure. In the case of a willful violation of any provision of section 6651, the first sentence of this section shall be applied by substituting “‘felony’” for “‘misdemeanor’” and “‘5 years’” for “‘1 year’”.


Amendments
1990—Pub. L. 101–647 substituted “‘substituting ‘felony’ for ‘misdemeanor’ and ‘5 years’ for ‘1 year’”.

Amendments made by this section [amending this section; substituting “$100,000 ($500,000 in the case of a corporation)”’ for “$10,000”.

§ 7201. Attempt to evade or defeat tax

Any person who willfully attempts in any manner to evade or defeat any tax imposed by

1 Section numbers editorially supplied.