

Internal Revenue Manual Section 5.8.4.3.1 (04-30-2015)

Components of Collectibility

- The following four components of collectibility will ordinarily be included in calculating the RCP for offer purposes:

Components	Definition
Assets	The amount collectible from the taxpayer's net realizable equity in assets.
Future Income	<p>The amount collectible from the taxpayer's expected future income after allowing for payment of necessary living expenses.</p> <ul style="list-style-type: none"> For Lump Sum Cash offers, project for the next 12 months or the remaining statutory period, whichever is less; <p>Note: Any lump sum cash offer which meets the exception criteria discussed in IRM 5.8.1.9.4(3) in which payment terms exceed five months should have expected future income calculated over 24 months or the remaining statutory period, whichever is less.</p> <ul style="list-style-type: none"> For Periodic Payment offers, project for the next 24 months or the remaining statutory period, whichever is less.
Amount Collectible from third parties	The amount we could expect to collect from third parties through administrative or judicial action. For example, amounts collectible through a transferee assessment, nominee lien, or suit to set aside a fraudulent conveyance.
Assets and/or income that are available to the taxpayer but are beyond the reach of the government	Assets that the lien will not attach such as equity in assets located outside the country.