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The Offer in Compromise Report

IRS acceptance of offers in compromise fell to 14.1 percent in fiscal year 2025, the lowest level in at least a decade. An original analysis of IRS Data Book figures, FY2016 to FY2025.

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KEY FINDINGS

The IRS now accepts about one offer in seven

14.1% FY2025 acceptance rate, the lowest in the ten year series	**5,464** offers accepted in FY2025, versus 12,711 in FY2023	**$98.1M** total accepted dollars, the first year under $100 million	**$17,962** average accepted offer in FY2025

The offer in compromise program, authorized by IRC Section 7122, allows the IRS to settle a tax liability for less than the full amount owed. For eight consecutive years, fiscal 2016 through 2023, the program accepted between 30.7 percent and 42.4 percent of the offers it received. That pattern broke in fiscal 2024, when the acceptance rate fell to 21.4 percent, and broke again in fiscal 2025, when it fell to 14.1 percent.

The decline is not explained by falling demand. Taxpayers submitted 38,797 offers in FY2025, up 28.6 percent from FY2023, while acceptances fell 57.0 percent over the same two years. The inventory of taxpayer delinquent accounts grew 57.7 percent in FY2025 alone, from 2,050,877 to 3,234,815 accounts. More taxpayers are seeking relief; far fewer are receiving it through this program.

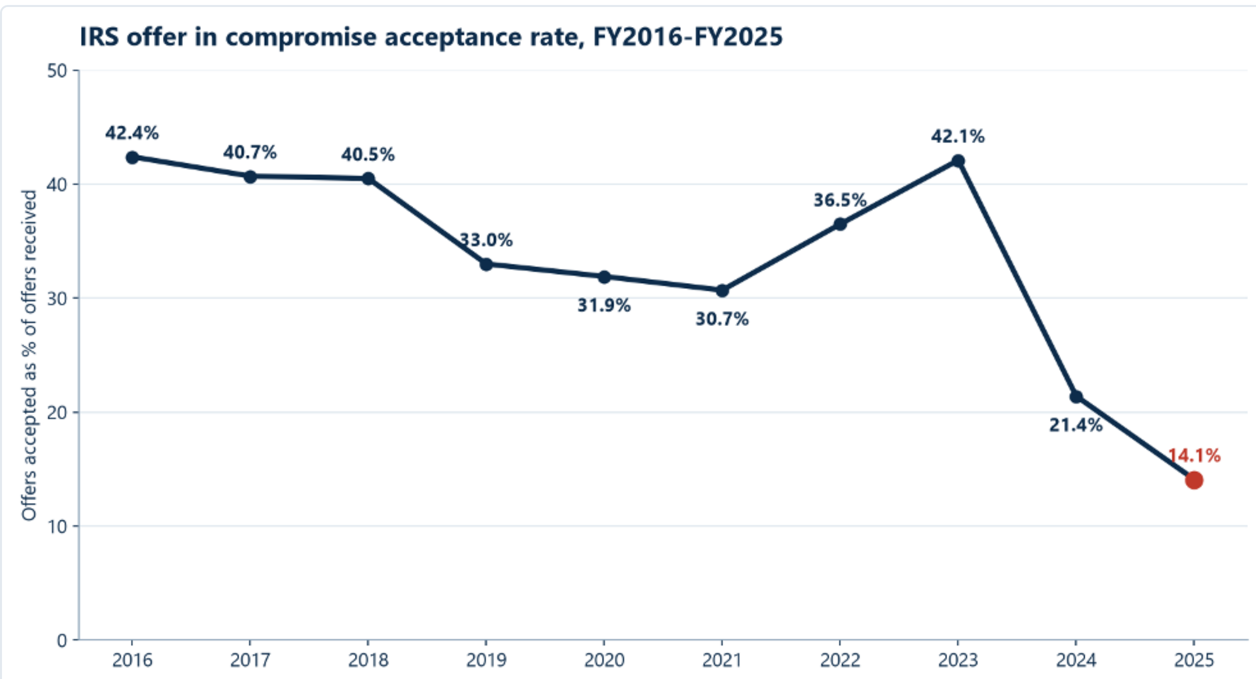

Figure 1. Offers accepted as a percentage of offers received, by federal fiscal year. Source: IRS Data Book, delinquent collection activities table, FY2016 through FY2025 editions.

THE TEN YEAR SERIES

Fiscal year	Offers received	Offers accepted	Acceptance rate	Dollars accepted	Average offer
2016	62,937	26,663	42.4%	$225.9M	$8,474
2017	62,243	25,326	40.7%	$255.9M	$10,103
2018	59,127	23,929	40.5%	$261.3M	$10,919
2019	54,225	17,890	33.0%	$289.4M	$16,178
2020	44,809	14,288	31.9%	$158.0M	$11,059
2021	49,285	15,154	30.7%	$220.9M	$14,579
2022	36,022	13,165	36.5%	$234.3M	$17,799
2023	30,163	12,711	42.1%	$214.5M	$16,874
2024	33,591	7,199	21.4%	$163.4M	$22,695
2025	**38,797**	**5,464**	**14.1%**	**$98.1M**	**$17,962**

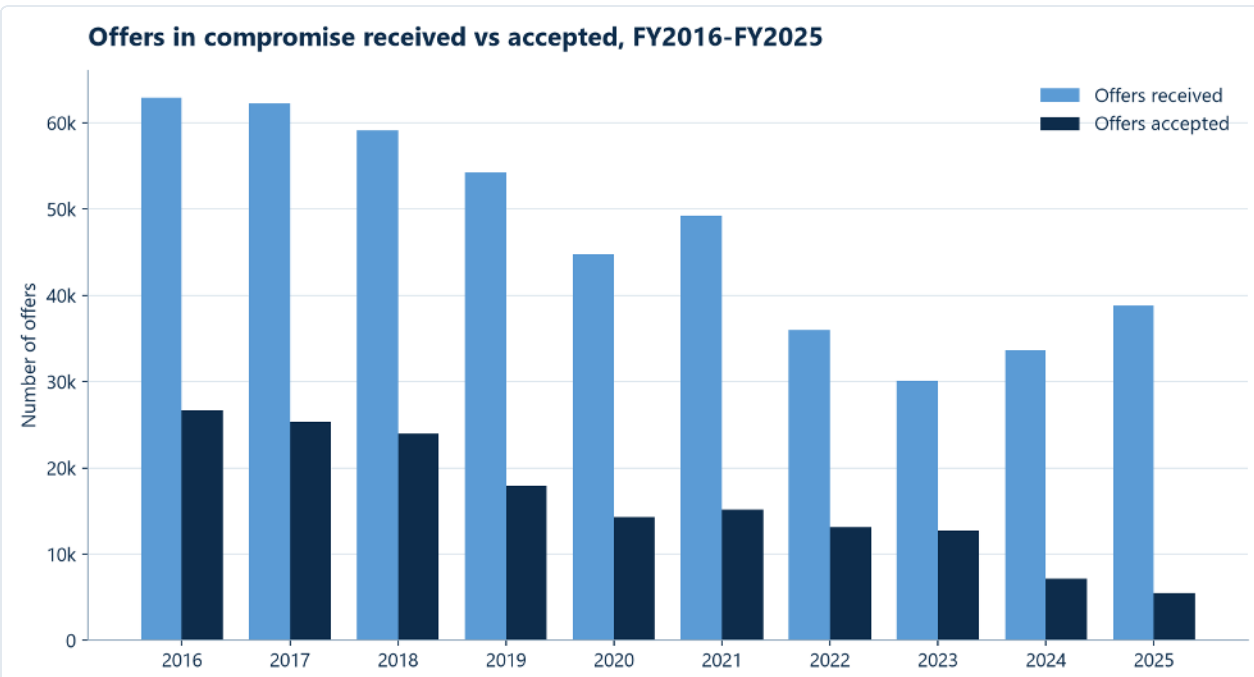

Figure 2. Offers in compromise received and accepted, by federal fiscal year.

ACCEPTED DOLLARS AND AVERAGE OFFERS

Total accepted offer dollars fell to $98.1 million in FY2025, the first year below $100 million in the series and roughly a third of the FY2019 peak of $289.4 million. The average accepted offer moved the other way over the decade, rising from $8,474 in FY2016 to $22,695 in FY2024 before settling at $17,962 in FY2025, which suggests the offers that clear review increasingly involve larger settlements rather than small hardship compromises.

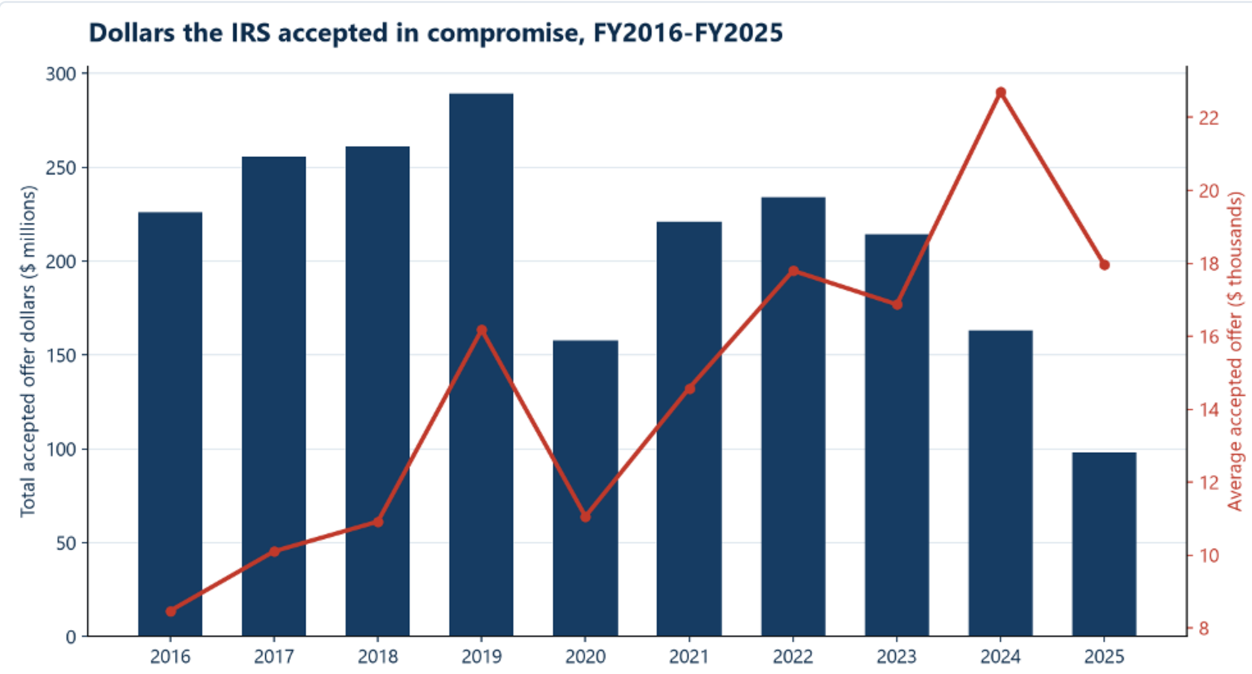

Figure 3. Total accepted offer dollars (bars, left axis) and average accepted offer (line, right axis).

METHODOLOGY AND SOURCES

Methodology. Tax Expert Today extracted the offers in compromise block (offers received, offers accepted, and amount of offers accepted) from the delinquent collection activities table in eleven editions of the IRS Data Book, Publication 55-B, covering fiscal years 2015 through 2025. Each edition reports two fiscal years, so every year from FY2016 through FY2024 appears in two editions; overlapping values were cross checked and matched in every case. Where an older edition rounds counts to thousands, the precise figure from the more detailed edition was used. The acceptance rate divides offers accepted by offers received in the same fiscal year. Because an offer accepted in one year may have been received in a prior year, this ratio is the standard practitioner measure of program selectivity rather than a true cohort disposition rate. Federal fiscal years run October 1 through September 30.

Primary sources

IRS Data Book FY2025, Table 4-1, Delinquent Collection Activities: irs.gov/pub/irs-soi/25db-4-01-co.xlsx
IRS Data Book FY2025, Table 4-2, Civil Penalties Assessed and Abated: irs.gov/pub/irs-soi/25db-4-02-cp.xlsx
IRS Data Book archive, delinquent collection activities, FY2015 to FY2024 editions: irs.gov/statistics/soi-tax-stats-delinquent-collection-activities-irs-data-book-table-25
IRC Section 7122: law.cornell.edu/uscode/text/26/7122
IRS Offer in Compromise program page: irs.gov/payments/offer-in-compromise
Form 656 Booklet: irs.gov/pub/irs-pdf/f656b.pdf

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About Tax Expert Today

Tax Expert Today LLC is a multidisciplinary tax firm in Naples, Florida, with tax advisors, enrolled agents, CPAs, and attorneys serving clients in all 50 states. The firm advises on IRS resolution, tax planning, and international compliance. Dr. Pellumb Kabashi, DBA, MBA, EA, CFE, CES, is the firm's founder.

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