FTD COMPLIANCE CARD — M1g OIC Pre-Qualifier

Fbaum Enterprises LLC d/b/a The Federal Tax Desk | Version 1.1 | Issued 2026-07-15 | Last verified 2026-07-26

HOW TO USE THIS CARD FOR §10.36 COMPLIANCE

OPR Alert 2026-19 (June 24, 2026) requires firms to vet third-party tools and document that vetting under Circular 230 §10.36. To satisfy this requirement using this card:

1. Print or save this PDF. Date your review in the space provided at the bottom of this card.
2. Add this card to your firm's AI tool inventory or WISP third-party provider list.
3. Before first use with any client matter, verify that the quick-sale discount and income multipliers in Element 3 match current Form 656-B and irs.gov content by following the verification steps in that element.
4. Document that verification with the date and your initials.
5. Your completed card constitutes the §10.36 vetting documentation for this tool.

ELEMENT 1 — TOOL IDENTIFICATION

Tool name / version
M1g OIC Pre-Qualifier, version 1.1

FTD issue date
2026-07-15

Most recent update
2026-07-21

Last verified against source
2026-07-26

Governing authority
IRC §7122 — Offers in Compromise; IRM 5.8.4 — Investigation; IRM 5.8.5 — Financial Analysis

Threshold source
Form 656-B worksheet methodology and IRS.gov OIC FAQ

Source URL
irs.gov/payments/offer-in-compromise; irs.gov/pub/irs-pdf/f656b.pdf

Note: The 80% quick-sale value discount, the ×12 lump-sum multiplier, and the ×24 periodic multiplier were re-verified live against irs.gov and Form 656-B methodology on 2026-07-14 and confirmed unchanged from the figures established at the tool's initial release. See Element 3 for the full verification record.

ELEMENT 2 — WHAT THIS TOOL DOES

The M1g OIC Pre-Qualifier estimates a taxpayer's Reasonable Collection Potential (RCP) — the IRS's own formula for the minimum amount it will accept in an Offer in Compromise — from a list of assets and monthly disposable income.

Inputs
Zero or more assets (description, fair market value, secured debt); monthly disposable income; offer type (lump-sum or periodic). No taxpayer-identifying information.

Output
Net Realizable Equity, per-asset breakdown, Future Income component (with multiplier shown), Total RCP, and a copy-paste-ready plain-text block.

What this tool IS

This tool produces an RCP estimate for practitioner use as a starting point in evaluating OIC viability.

What this tool IS NOT

This tool does not produce tax advice, legal advice, or written advice subject to Circular 230 §10.37, and it is not a substitute for the actual Form 433-A (OIC) / Form 433-B (OIC) financial analysis the IRS performs. The practitioner retains full professional responsibility for all conclusions presented to clients, including the actual offer amount recommended.

ELEMENT 3 — ACCURACY AND VERIFICATION

Primary sources

IRC §7122 (statutory basis for OIC); IRM 5.8.4 (Investigation) and IRM 5.8.5 (Financial Analysis) — RCP methodology; Form 656-B (current version) worksheet methodology; IRS.gov OIC FAQ page.

Formula verified

RCP = Net Realizable Equity + Future Income. Net Realizable Equity = (asset FMV × 80% quick-sale discount) " secured debt, summed per asset, floored at $0 per asset. Future Income = monthly disposable income × 12 (lump-sum) or × 24 (periodic).

Update trigger

This card and the tool are updated within 5 business days of the IRS revising Form 656-B, the OIC FAQ, or IRM 5.8.4/5.8.5, or of a correction being discovered.

How to verify the RCP calculation

1. Navigate to irs.gov/payments/offer-in-compromise and the current Form 656-B at irs.gov/pub/irs-pdf/f656b.pdf.
2. Confirm the quick-sale value discount (currently 80% of fair market value, per IRM 5.8.5) has not changed.
3. Confirm the future-income multipliers (currently ×12 for lump-sum, ×24 for periodic/short-term periodic offers) have not changed.
4. Confirm whether a Low Income Certification exception applies to the taxpayer's situation — it affects the application fee and initial payment, not this tool's RCP calculation.
5. Cross-check the practitioner's own Form 433-A (OIC) / 433-B (OIC) worksheets, which may reflect asset valuations, allowable expenses, or dissipated-asset additions this tool does not model.

Known limitations — KNOWN FAILURE MODES

- This tool does not compute allowable National/Local Standard expenses — monthly disposable income must be supplied pre-calculated by the practitioner.
- This tool does not model dissipated assets, future income adjustments for the 84-month collection statute exception, or special-circumstances offers below RCP.
- The Low Income Certification exception is disclosed but not calculated — it affects fee/payment requirements only, not the RCP figure itself.
- Quick-sale value uses a flat 80% discount for every asset; the IRS may apply a different percentage for specific asset types (e.g., real property with high carrying costs) on a case-by-case basis.
- This tool does not access IRS account transcripts or IDRS; all figures are practitioner-entered.

ELEMENT 4 — DATA HANDLING

This tool does not receive or store tax return information. No §7216 consent is required for use of this tool.

Data retention: No inputs are logged. Asset and income figures entered are processed entirely in your browser and are never transmitted to or stored by FTD. Anonymous, aggregate usage events (for example, that a calculation was run) are recorded with no input values and no personal data.

ELEMENT 5 — CIRCULAR 230 / SSTS 1.4 COMPLIANCE STATEMENT

This tool is designed for use by tax practitioners subject to Circular 230. Use of this tool does not satisfy the practitioner's obligation to exercise due diligence under Circular 230 §10.22 or to possess technological competence under Circular 230 §10.35. The practitioner must independently verify tool outputs — including against the client's actual Form 433-A (OIC) / 433-B (OIC) — before relying on them in client matters or submissions to the IRS. OPR Alert 2026-19 (June 24, 2026) confirms that practitioners may not delegate professional judgment to software tools.

ELEMENT 6 — TOOL CLASSIFICATION

TOOL CLASSIFICATION: This tool is a deterministic calculation engine, not a generative AI tool. Given the same assets, income, and offer type, it always returns the same result. It does not generate, infer, or predict outputs. Because a wrong RCP estimate can directly mislead a client on how much to offer the IRS, this tool's disclosures are given heightened visual prominence in the output (an amber-highlighted disclosure box), matching the treatment used for the Penalty Abatement Analyzer's more interpretive output. The practitioner retains full obligation to exercise appropriate judgment and verify outputs before relying on them in client matters.

ELEMENT 7 — UPDATE AND CORRECTION LOG

Table A — Version History

Date	Version	Change Description	Trigger
2026-07-15	v1.0	Initial release — RCP calculation engine (Net Realizable Equity + Future Income), formula verified against live irs.gov and Form 656-B methodology	M1g public launch
2026-07-26	v1.1	Added ircMasterCitation (IRC §7122 — Offers in Compromise) to the tool's returned result, surfacing the statutory basis alongside the existing IRM procedural citations. Code change shipped 2026-07-21; this card's recorded source-file hash was not regenerated at that time and had gone stale until this update.	Statutory citation fix; compliance-card integrity check

Table B — Correction Log (OPS-002)

Date	Error Class	Description	Authority	Affected TCs
2026-07-26	Stale integrity hash + missing statutory citation	This card's recorded sha256 is the SHA-256 of lib/oic-prequalifier.js. A code change on 2026-07-21 added ircMasterCitation = IRC_MASTER_CITATION to the tool's returned result so the output surfaces the statutory basis (IRC §7122) alongside its IRM procedural citations, but this card was never regenerated afterward — the recorded hash silently went stale until caught by a subsequent compliance-card integrity check. The RCP formula and multipliers themselves were not affected by this change. Regenerated via scripts/compliance-oic.js; determinism confirmed by running twice and diffing byte-identical output.	IRC §7122 — Offers in Compromise	N/A — RCP calculation logic untouched

FIRM ADOPTION RECORD

Tool reviewed and adopted by (practitioner name and credentials):	
Firm name:	
Date of initial review:	
RCP formula verified against irs.gov / Form	

	656-B on:
	Initials:
	[ ] This card has been added to firm's §10.36 AI tool inventory.