

# How to prepare a Collection Information Statement (Form 433-A)



## Who should use Form 433-A?

Form 433-A is used to obtain current financial information necessary for determining how a wage earner or self-employed individual can satisfy an outstanding tax liability.

### You may need to complete Form 433-A:

- If you are an individual who owes income tax on Form 1040,
- If you are an individual who may be a responsible person for a Trust Fund Recovery Penalty,
- If you are an individual who may be personally responsible for a partnership liability,
- If you are an individual owner of a limited liability company that is a disregarded entity, or
- If you are an individual who is self-employed or has self-employment income. You are self-employed if you are in business for yourself, or carry on a trade or business as a sole proprietor or an independent contractor.

### If you are a wage earner:

Complete Sections 1, 2, 3, 4 and 5, including the signature line on page 4.

### If you are a self-employed individual:

Complete Sections 1, 3, 4, 5, 6 and 7, and the signature line on page 4.

### If you are a wage earner and have self-employment income:

Complete Sections 1 through 7, and the signature line on page 4.

Answer all questions in these sections or write N/A if the question is not applicable. Include attachments if additional space is needed to respond completely to any question. You may be asked to provide additional verification after we review the completed Form 433-A.

### Certification for Signature Line on page 4

This requires the taxpayer's signature. For joint income tax liabilities, both husband and wife must sign the statement.

## Section 4 Personal Asset Information

### Items 13 – Personal Bank Accounts

Enter all accounts (checking, savings, online, mobile (e.g., *PayPal*), money market, etc.); even if there is currently no balance. Include stored value cards such as a payroll card from an employer, an electronic benefit card from a government agency or a child support payment card. Do not enter bank loans.

### Item 14 – Investments

List all investments such as stocks, bonds, mutual funds, etc. Include any interest you have in a business.

### Item 15 – Available Credit

Enter lines of credit and credit cards issued by a bank, credit union, or savings and loan. Securing a credit card advance to pay taxes is an option to consider, but is not required.

## Items 17, 18 and 19 – Real Estate, Vehicles and Personal Assets

**Current Fair Market Value** – Indicate the amount you could sell the asset for today.

**Date of Final Payment** – Enter the date the loan or lease will be fully paid.

### Item 17 – Real Estate

List locations of all property that you own or are purchasing under contract. List lender or contract holder.

### Item 18 – Personal Vehicles

List all vehicles owned and leased (cars, boats, RVs, etc.) If you are leasing, list lessor. If you are purchasing, list lender.

### Item 19 – Personal Assets

List other personal assets you own such as artwork, jewelry, antiques, furniture, collections (coins, guns etc.). Include intangible assets such as licenses, domain names, patents, copyrights, mining claims, etc.

## Section 5 Monthly Income/Expenses

(See page 2 for additional information on income/expenses.)

If you are self-employed or have self-employment income, complete Sections 6 and 7 before completing Section 5.

If only one spouse has a tax liability, but both have income, list the total household income and expenses if you share expenses or live in a community property state. If you do not live in a community property state and do not share expenses, list income and expenses for the liable taxpayer only. Verification of expenses may be requested.

## Section 6 (Self-Employed only) Business Information/Assets

### Item 61 – Payment Processor

List all third-party processors you use for business to accept credit card payments.

### Item 64 – Business Bank Accounts

Enter all business bank accounts (checking, savings, online, mobile (e.g., *PayPal*), money market, etc.); even if there is currently no balance. Include stored value cards such as a telephone card or prepaid debit card for expenses.

Do not enter bank loans.

### Item 66 – Business Assets

List all other assets used in trade or business that were not included in previous sections.

## Section 7 (Self-Employed only) Business Income and Expenses

Complete Business Income and Expenses in Section 7 before completing Monthly Income/Expense Statement in Section 5. The business information in Section 7 should reconcile with your business profit and loss statement. See footnote 6 on page 6 of Form 433-A if using Form 1040, Schedule C.

**TOTAL INCOME****Items 20 and 21 – Wages**

Enter your *gross* monthly wages and/or salaries. Do not deduct withholding or allotments taken out of your pay such as insurance, union dues, car payments, etc. List these deductions in Total Living Expenses.

**Item 23 – Net Business Income**

Enter your monthly *net* business income from line 89 on page 6.

**Item 25 – Distributions**

Enter the monthly average of your distributions from Partnerships, Subchapter S Corporations or Limited Liability Companies. Enter 401K distributions if not included in Pension Income on lines 26 or 27.

**TOTAL LIVING EXPENSES (necessary)**

To be necessary, expenses must provide for the health and welfare of you and your family and/or provide for the production of income, and must be reasonable in amount. We may ask you to provide substantiation of certain expenses.

**Item 35 – Standard for Food, Clothing and Misc.**

Enter the total amount for this item from the chart in the next column. If you claim a higher amount for a specific expense, you must verify and substantiate that amount. The miscellaneous allowance is for expenses that are not included in any other allowable living expense items (e.g. credit card payments, bank fees, school supplies.)

**Item 36 – Housing and Utilities**

Enter the monthly rent or mortgage payment for your principal residence. Add the average monthly payment for the following expenses, if they are *not* included in your rent or mortgage payments: property taxes, homeowner's or renter's insurance, necessary maintenance and repair, homeowner dues, condominium fees, and utilities.

**Item 37 – Vehicle Ownership Costs**

Enter your monthly lease, purchase or loan payments.

**Item 38 – Vehicle Operating Costs**

Enter the average monthly costs for insurance, licenses, registration fees, inspections, normal repairs and maintenance, fuel, parking and tolls.

**Item 39 – Public Transportation**

Enter the average monthly public transportation expenses you pay for bus, train and taxi fares, and any other mass transit fares.

**Item 40 – Health Insurance**

Enter your monthly expense for health insurance

**Item 41– Out-of-Pocket Health Care Costs**

Enter the amount for this item from the chart in the next column. These are health care costs not covered by insurance. If you claim a higher amount, you must verify and substantiate the expenses.

**Item 42 – Court Ordered Payments**

Include child support, alimony, etc.

**Item 45 – Current Year Taxes**

Include state and Federal taxes withheld from salary or wages, or paid as estimated taxes. If applicable, include county, city, and municipal income taxes.

**Item 46 – Secured Debts**

Enter your average monthly payments for any other secured debts. Do not duplicate mortgage or car payments entered in Items 36 or 37 above.

**Item 48 – Other Expenses**

In certain circumstances, IRS may allow minimum payments on other expenses, such as student loans, unsecured debts, tuition or contributions if required for employment, etc. Attach a list and explanation.

**Total Monthly National Standards for Food, Clothing and Misc. (Section 5, item 35)**

Effective 03/31/2014

Expense	One Person	Two Persons	Three Persons	Four Persons
Food	\$315	\$588	\$660	\$794
Housekeeping supplies	\$30	\$66	\$65	\$74
Apparel & services	\$88	\$162	\$209	\$244
Personal care products & services	\$34	\$61	\$64	\$70
Miscellaneous	\$116	\$215	\$251	\$300
Total	\$583	\$1,092	\$1,249	\$1,482

More than four persons	Over Four Persons Amount
For each additional person, add to four-person total allowance:	\$298

To calculate the allowance, please read across to the column that matches the number of persons in your family.

When you have more than four persons in your family, you need to multiply the amount of additional persons over four by the dollar amount in the "Over Four" column; then add the answer to the dollar amount in the "Four" column. For example, when you have six persons in your family, you would multiply \$298 by the two members of your family over four to get \$596. You then would add this \$596 to the \$1,482 allowed for a family of four. As a result, your allowed expenses would equal \$2,078 (\$596 + \$1,482).

**Total Monthly National Standards for Out-of-Pocket Health Care Costs (Section 5, item 41)**

Effective 03/31/2014

	Out-of-Pocket Health Care Costs
Under 65	\$60
65 and Older	\$144

To calculate the allowance, determine the number and age of persons in your household and multiply by the amount reflected in the chart.

For example, a family of three persons, all under 65, would be allowed \$180 (\$60 x 3)

**NOTE:** IRS will allow reasonable expenses that exceed the standards if using the standards is not adequate to provide for your necessary living expenses. You may be asked to provide verification of expenses claimed.