

Important

- Interest accrues on any balance due, even if you have an installment agreement.
- Penalties may be assessed such as failure to file or failure to pay.
- Always file your return timely, even if unable to pay debt to avoid a failure to file penalty.
- **NEVER IGNORE IRS DEBT!** It will continue to grow due to interest and penalties.
- **ALWAYS** respond to IRS inquiries timely; ignoring them will **not make the IRS go away**.
- A request for an **EXTENSION** is an **extension of time to file, NOT an extension of time to pay**.
- Some payment options can be requested during the tax preparation process.
- All payments made should include:
 - Payment Voucher Form 1040-V.
 - Your Social Security number.
 - Tax year payment is for.



LITC

Alaska Business Development Center's Low Income Taxpayer Clinic provides assistance year round to low income and English-as-a-Second Language taxpayers. Assistance includes education on taxpayer rights and responsibilities, consultation on IRS issues and representation on IRS disputes. Tax preparation is not conducted under the Low Income Taxpayer Clinic.



VTLP Proudly Serving Rural Taxpayers Since 1995

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Understanding...

IRS DEBT

Options for paying current and past due IRS debt when you are unable to pay in full.



Brought to you by:
Alaska Business Development Center Low Income
Taxpayer Clinic

Why You May Owe

- Filing a tax return showing a balance due.
- NOT filing a tax return.
- Being selected for an IRS examination resulting in a change; often made as a result of not responding to IRS notices requesting information.

Common changes the IRS makes to tax returns:

- Disallowance of a dependent.
- Disallowance of the Earned Income Credit.
- Adding income not on the original tax return.



Owe Prior Year

All returns filed? Any payment option may apply.

All returns NOT filed? Returns must be filed; filing prior year returns or amending returns the IRS filed on your behalf may reduce the total amount you owe. Contact ABDC for assistance.

Pay In Full

Paying your balance due in full and on time is the **best option** to avoid additional charges. Any unpaid balance is subject to interest and penalties.

Payment Options

1. Direct Debit
2. Check or Money Order
3. Credit or Debit Card

Unable to Pay

- Not paying should be your last resort.
- You should pay as much as you can as soon as possible.
- Unpaid balances will continue to accrue interest and/or penalties.
- Any balance left unpaid may be included in a Payment Plan or Installment Agreement.
- Communicate with the IRS to avoid liens and/or levies being assessed.
- Hardship options may be available, but the debt does not go away and continues to accrue interest and/or penalties for taxpayers in this status.

Contact the IRS...

1 (800) 829-1040
www.irs.gov

180 Day Plan

If you can pay the amount owed in 180 days or less you can save money by requesting a **Short-term Payment Plan**.

- No setup fees required. 180 days or less.
- Call the IRS at 800-829-1040 or apply online at www.irs.gov/individuals/online-payment-agreement-application.

Installment Plans

If you need more than 180 days to pay in full you may request an **Installment Agreement**.

- User fee may be as much as \$178.
- Fee may be reduced if applied for online, direct debit is elected or your income is below a certain level.
- An installment agreement request can be included with your tax return, or online at www.irs.gov/individuals/online-payment-agreement-application.

Guaranteed Installment Agreements

- Debt must be < \$10,000.
- Monthly payment amount must pay balance due in full within 36 months.
- Past five years-timely filed returns, paid all debt, no existing installment agreements.

Installment Agreements

- May require completion of Form 433F Collection Information Statement.
- Generally, must pay debt in full within 72 months.