

Installment Agreements

If you cannot pay your taxes all at once, the IRS will let you make monthly payments. This is called an *installment agreement*. Your installment payments can be made by:

- Direct Debit from your bank account;
- Payroll Deduction from your employer; or
- Monthly payments mailed to the IRS.

Your payment amount should be based on your ability to pay.

The IRS recommends direct debit or payroll deduction installment agreements.

To request an installment agreement, when you are filing a tax return and can't pay the full amount of taxes, fill out Form 9465 (<http://www.irs.gov/pub/irs-pdf/f9465.pdf>), *Installment Agreement Request*, or your own written request for a payment plan, and attach it to the front of your tax return.

To request an installment agreement after your return has been filed and you have gotten a bill from the IRS, you can use the Online Payment Agreement (OPA) (<http://www.irs.gov/businesses/small/article/0,,id=108347,00.html?portlet=1>) application or you may submit Form 9465 or your own written request for a payment plan, attached to the front of your bill.

You will need to tell the IRS how much you can pay and the day of the month (1st-28th) you wish to make your payment. The IRS will let you know within 30 days if:

- your request is approved;
- your request is denied; or
- additional information is needed.

If the agreement is approved, a one-time user fee will be charged. The user fee is \$105 for regular installment agreements and \$52 for agreements to be paid by direct debit from your bank account. Low income taxpayers can apply for a reduced user fee of \$43. For a *direct debit* installment agreement you will need to provide your checking account number and your bank routing number to start the automated withdrawal of the payment. The user fee for changing or reinstating an existing agreement is \$45. You may contact the IRS by phone or in person, or you may send Form 9465, *Installment Agreement Request*, through the mail. The form has space for you to write your checking account number and your bank routing number. You may also choose to just staple a voided check to the form. To start a payroll deduction installment agreement, submit Form 2159 (<http://www.irs.gov/pub/irs-pdf/f2159.pdf>), *Payroll Deduction Agreement*. Form 2159 must be completed by your employer.

You can find more information about installment agreements on the IRS website at www.irs.gov.