

IRS PAYMENT AGREEMENTS QUICK REFERENCE CHART

Purpose of this chart: Provide high-level guidance about various types of IRS payment agreements.

Agreement Option	Details
Streamlined installment agreement <i>(one of the most common types of agreements)</i>	<p>Individual taxpayers qualify if they owe \$50,000 or less in tax, penalty and interest, and can pay off the balance within 72 months. The IRS will not file a federal tax lien and the taxpayer does not need to file a financial statement (Form 433-F). The IRS charges a setup fee. Use the Online Payment Agreement tool, file Form 9465, <i>Installment Agreement Request</i> (individual) or Form 433-D, <i>Installment Agreement</i> (business), call the IRS, or write to the IRS.</p> <p><i>Note: Individual taxpayers with an assessed balance of tax, penalty, and interest between \$50,000 and \$100,000 may experience accelerated processing if their monthly payment is the greater of their total assessed balance divided by 84, or the amount necessary to fully satisfy the liability by the collection statute.</i></p>
Non-streamlined installment agreement and a partial-payment agreement	<p>Non-streamlined installment agreements are used when the taxpayer does not meet the streamlined requirements. Typically this means the taxpayer owes more than \$50,000, needs longer than 72 months to pay off the liability, and/or is requesting to pay less than the total amount owed. The IRS will require additional financial information (usually Form 433-F) before it will consider this type of agreement and will charge a setup fee if the agreement is granted. The IRS will likely file a federal tax lien to protect its interest in collecting the debt.</p> <p><i>Note: For payroll taxes, review the requirements for an in-business trust fund express agreement.</i></p>
Short-term extension of time to pay (collection hold)	<p>The IRS will grant up to 120 days to pay a liability in full. To request the extension, use the Online Payment Agreement tool or call the IRS. In general, taxpayers will pay less in penalties and interest with this type of extension; unlike installment agreements, no setup fee is required.</p>
Hardship extension of time to pay	<p>Qualifying individuals may request a longer extension of time to pay and have late-payment penalties waived as part of the IRS's Fresh Start initiative. File Form 1127, <i>Application for Extension of Time for Payment of Tax Due to Undue Hardship</i>.</p>
Offer in compromise (OIC)	<p>This arrangement allows a taxpayer to settle the debt for less than the amount owed. The IRS grants this relief only if the offer represents the most it can expect to collect from the taxpayer within a reasonable period of time. Review Form 656-B Booklet, <i>Offer in Compromise</i>, for more details on forms to fill out, the user fee, and other terms. Expect the process to take up to a year (or more), and know that OICs are rarely granted.</p>
Currently not collectible (CNC) status	<p>The IRS can place a client's account in CNC status. Though the IRS will file a tax lien if the client owes more than \$10,000, it will cease collection activity. CNC status is temporary, and the IRS will reevaluate (typically annually) whether the taxpayer's financial situation has changed.</p>
Resources: <ul style="list-style-type: none"> • Publication 594, IRS Collection Process • Online Payment Agreement • IRM Exhibit 5.14.1-5 	