

Fresh Start Tax Relief



IRS INSTALLMENT AGREEMENTS

The IRS Installment Agreement (IA) is a very popular option available to delinquent taxpayers to satisfy a back tax debt over time. IA's come in many different shapes and sizes to accommodate most taxpayer's needs.

Internal Revenue Manual (IRM) Section 5.14.1, Securing Installment Agreements contains a lot of useful information that may help you determine whether or not the IRS Installment Agreement is the resolution option that is right for you. It is easy to find online.

TYPES OF IRS INSTALLMENT AGREEMENTS

The IRS has several different Installment Agreement options available to delinquent taxpayers.



If you hire Fresh Start Tax Relief, we'll investigate your IRS Collection case, analyze your Collection Potential and advise you of your best resolution options, all for \$499. If you qualify for the IRS Installment Agreement, we'll help you determine which one fits best. Get Started Today! www.freshstarttaxrelief.com.

- Guaranteed Installment Agreement
- Streamlined Installment Agreement
- Non-Streamlined Installment Agreement
- Fresh Start Installment Agreement
- Partial Payment Installment Agreement
- Direct Debit Installment Agreement
- Payroll Deduction Installment Agreement

Which IRS Installment Agreement option you qualify for depends on several factors including the amount of back tax you owe, the type of tax you owe, your ability to pay monthly, your equity in assets and more. IRS form 9465, Installment Agreement may be used in certain cases to request a formal monthly payment plan to satisfy your tax debt over time. The IRS will typically give an individual that owes personal income tax 72 months to pay back the tax owed through a formal agreement.

Your ability to pay monthly and your equity in assets will be determined when you complete your Collection Information Statement (CIS), IRS form 433-F or 433-A. You may be able to secure your IRS Installment Agreement online at www.irs.gov.



*If you hire Fresh Start Tax Relief, the amount of your total tax debt will be provided by your Fresh Start Tax Advisor. **Get Started Today!** www.freshstarttaxrelief.com.*

If you owe less than \$50,000 and can pay your total tax debt within 72 months, you may not need to complete an IRS CIS, but be prepared to answer a few quick questions about your household.

If you owe less than \$25,000 and can pay your total tax debt within 72 months, you may not need to complete an IRS CIS form or provide any information about your household.

MAINTAINING YOUR INSTALLMENT AGREEMENT

Your IRS Installment Agreement will default if:

- You do not pay your minimum monthly payment in full when it is due,
- You do not file all required tax returns timely with full payment,
- You do not pay all taxes you owe in full and on time,
- You accrue a new tax liability,
- You do not provide financial information when requested.

As a warning, you may not always receive timely monthly payment reminders from the IRS. They often arrive late and may not allow you enough time to make a timely Installment Agreement payment. We recommend that you keep a copy of a payment voucher on file to ensure you always know the correct address to send your payments. If you have a direct debit Installment Agreement, I recommend setting a monthly reminder that the payment will be taken from your account.

Understand that if you fail to make a payment on time, fail to file returns on time, and/or fail to make 1040ES payments timely and in full, you will default your Installment Agreement and enforced collections will follow soon thereafter. Be sure to prioritize your funds to ensure that timely payments are made and returns are filed on time. Unlike Federal tax returns, which must be postmarked by the due date, Installment Agreement payments must be received by the IRS' due date.

ADDITIONAL INFORMATION ABOUT IRS INSTALLMENT AGREEMENTS

The IRS continues to charge penalties and interest on unpaid liabilities, even while you are in a formal Installment Agreement to pay the debt. However, the failure to pay penalty will be reduced from a half a percent to a quarter percent per month for any month in which your installment agreement is in effect.

Your Federal tax refund will be taken and applied to back tax liabilities, even if you are in a formal Installment Agreement to pay your tax debt.

The IRS charges a user fee of \$105 to set up an Installment Agreement and \$52 to set up a Direct Debit Installment Agreement. This fee may be deducted from your first payment.

The IRS charges a \$45 reinstatement fee to re-establish an Installment Agreement that has defaulted. This fee may be deducted from your first payment after reinstatement.

You may be able to set up a Payroll Deduction Agreement using IRS form 2159.

In general, the IRS will not take enforced collection action such as bank levies and seizures while an Installment Agreement is in effect.

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