

Quality Site Requirement Alert (QSRA) - 2011-02
March 3, 2011

BALANCE DUE RETURNS
QSR # 6 Timely Filed Returns

Purpose: This QSRA reemphasizes the guidance for taxpayers who come to volunteer preparation sites and may owe a balance for the first time. We have a responsibility to educate volunteers so they can provide assistance to those taxpayers. In conversations with taxpayers be sure to provide the necessary information to help them understand and meet their tax responsibility.

Concern: There is a significant increase in balance due returns overall in recent years. Many taxpayers who may not have previously owed taxes are finding that they have a balance due return. The taxpayers VITA/TCE programs historically serve may have been negatively impacted by recent economic downturns and may now be facing new burdens with a balance due on their returns.

When taxpayers find they have a balance due, they may be reluctant to file their return. The information below can help volunteers provide assistance.

1. Taxpayers who have a balance due **should file their returns timely** even if they are unable to pay the full amount of tax due.
 - a. There is a separate penalty for not filing the tax return timely. The penalty is 5% for each month the return is late up to 25% of the amount due on the return.
 - b. A late payment penalty and interest will be applied in addition to the late filing penalty.
 - c. Adding these extra charges to the tax balance will increase the burden to the taxpayer.
2. Taxpayers should consider payment options available as outlined in Publication 4714 and contact the IRS if they still need additional assistance.
3. The Internal Revenue Service has taken steps to offer assistance to those who are having trouble paying their tax bill. See IR-2010-29 dated March 9, 2010 on IRS.gov for details.
4. Provide the taxpayer with **Publication 4714** and be prepared to explain the options available to them.
5. Volunteers are encouraged to review Publication 4012, Volunteer Resource Guide, Tab 13, Finishing the Return (pages 13-7 and 13-8) for Balance Due procedures.

Message to Taxpayer

- Don't panic.
- If you cannot pay the full amount of taxes you owe, you should still file your return by the deadline and pay as much as you can.
- You also should contact the IRS to discuss your payment options at 1-800-829-1040.
- The agency may be able to provide some relief such as a short-term extension to pay, an installment agreement or an offer in compromise.
- In some cases, the agency may be able to waive penalties. However, the agency is unable to waive interest charges which accrue on unpaid tax bills.
- For more information, go to IRS.gov and search for the following links: [The Collection Process](#) and [Tax Payment Options](#).

More information is available at www.irs.gov. If you have any questions please discuss with your site coordinator, email partner@irs.gov.

Thank you for volunteering to serve your community and for your dedication in providing
Top Quality Service!