

IRS News Release

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Installment Agreement User Fees to Increase

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WASHINGTON — The Internal Revenue Service announced today increases in user fees for installment agreements. The increases — the first since the fees were implemented in 1995 — result from increases in labor and other costs of processing the various applications.

The Office of Management and Budget has directed federal agencies to charge user fees reflecting the full cost of goods or services “that convey special benefits to recipients beyond those accruing to the general public.”

Effective Jan. 1, 2007, the following fees will increase:

- The fee for new direct debit installment agreements, where payments are deducted directly from a taxpayer’s bank account, will increase from \$43 to \$52.
- The fee for other new installment agreements will increase from \$43 to \$105.
- The fee to restructure an existing or reinstate a defaulted installment agreement will increase from \$24 to \$45.

The new fees will also apply to installment agreements made using the Online Payment Agreement application on IRS.gov, which became available to the public on Oct. 16.

It is always in the taxpayer’s best interest to quickly pay any outstanding tax debts in full to minimize the amount of interest and penalty. But for those who cannot resolve their tax debt immediately, however, an installment agreement can be a reasonable payment option. To be eligible for an installment agreement, a taxpayer must first file all tax returns that are required to be filed and be current with estimated tax payments if applicable.

In fiscal year 2006, almost 2.8 million taxpayers established installment agreements to pay their tax bills.