

IRS News Release

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IRS Payment Options Include E-pay, Credit Card, Installment Agreements and Offers in Compromise

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WASHINGTON — The Internal Revenue Service today reminded taxpayers to pay all taxes due by the April 15 deadline to avoid interest and failure-to-pay penalties.

Filing and Paying on Time Saves Money

If you have a balance due and do not pay by April 15, you are subject to a failure-to-pay penalty. If you cannot complete your return and file it by April 15, you may request an [extension of time to file](#). However, an extension of time to file is not an extension of time to pay.

If you cannot pay the full amount you owe, you will still benefit from filing your return and paying as much as you can by April 15 because interest and failure-to-pay penalties are due only on the unpaid balance.

Members of the military and some others currently serving in combat zones can wait until after April 15 to file and pay. [Those eligible](#) get the extra time penalty- and interest-free without having to ask for it. Normally, the filing and payment deadline is postponed until 180 days after the service member leaves the combat zone. Victims of recent natural [disasters](#), listed on IRS.gov, also have extra time.

Electronic Options

A number of electronic payment options are available to taxpayers.

Payments can be made online, by phone using a credit or debit card or through the Electronic Federal Tax Payment System. Taxpayers who e-file their returns may use the electronic funds withdrawal option for submitting an electronic payment. It's possible, for example, to e-file in February or March but schedule the payment for withdrawal as late as April 15.

Information on these options can be found on the [Electronic Payment Options Home Page](#) of IRS.gov.

Some taxpayers who itemize may now deduct the convenience fee charged for paying individual income taxes with a credit or debit card as a miscellaneous itemized deduction. The deduction is subject to the 2 percent limit on Form 1040, [Schedule A](#).

Taxpayers may also pay any taxes by check made out to the “United States Treasury.” Include Form 1040-V, Payment Voucher, along with the payment and tax return. If you have already submitted your tax return but still need to pay all or some of the balance, you may mail the check to the IRS with Form 1040-V.

Installment Agreements and Online Applications

If you can't pay in full by April 15, consider applying for an installment agreement.

An installment agreement allows you to pay any remaining balance in monthly pieces. Taxpayers who owe \$25,000 or less may apply electronically, using the [Online Payment Agreement](#) application. Or attach [Form 9465](#), Installment Agreement Request, to the front of your tax return. You must show the amount of your proposed monthly payment and the date you intend to pay each month. The IRS charges \$105 for setting up the agreement, or \$52 if the payments are deducted directly from your bank account. Qualified lower-income taxpayers pay \$43.

You will be required to pay interest plus a late payment penalty on the unpaid taxes for each month or partial month after the due date.

Offers in Compromise

This filing season the IRS has given its personnel additional flexibility on offers in compromise for struggling taxpayers. For some taxpayers, an offer in compromise, an agreement between a taxpayer and the IRS that settles the taxpayer's debt for less than the full amount owed, is a viable option.

Specifically, IRS employees will be permitted to consider a taxpayer's current income and potential for future income when deciding on an offer in compromise. Normally, the standard practice is to judge an offer amount on a taxpayer's earnings in prior years. This new step provides greater flexibility when considering offers in compromise from the unemployed. The IRS may require that a taxpayer entering into such an offer agree to pay more if the taxpayer's financial situation improves significantly.