



News Release

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E-Pay Options Available to People Facing April 17 Deadline; Penalty Relief for Unemployed Taxpayers; Expanded Payment Plans for Those Who Can't Pay

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WASHINGTON — The Internal Revenue Service today reminded taxpayers that 2011 federal income tax returns, [extension](#) requests and tax payments are due by April 17, 2012. For people unable to pay their taxes in full by that date, payment agreements and other relief are usually available and can even be requested online.

Taxpayers will avoid late filing penalties if they file either their income tax return or a request for a tax-filing extension by midnight on Tuesday. The late-filing penalty, normally five percent per month based on the unpaid balance, applies to returns filed after the deadline. Taxpayers should file, even if they can't pay the full amount due.

Any payment made by April 17 will reduce or eliminate interest and late-payment penalties that apply to payments made after that date. The [current interest rate](#) is three percent per year, compounded daily, and the late-payment penalty is normally 0.5 percent per month.

Whether paying tax in full or in part, the fastest and easiest way to do so is by using one of the electronic payment options. E-pay options include:

- [Electronic Federal Tax Payment System](#) (EFTPS). This free service gives taxpayers a safe and convenient way to pay individual and business taxes by phone or online. To enroll or for more information, call 800-316-6541 or visit www.eftps.gov.
- [Electronic funds withdrawal](#). E-file and e-pay in a single step.

- [Credit or debit card](#). Both paper and electronic filers can pay their taxes by phone or online through any of several authorized credit and debit card processors. Though the IRS does not charge a fee for this service, the card processors do. For taxpayers who itemize their deductions, these convenience fees can be claimed on [Schedule A](#) Line 23.

Taxpayers who choose to pay by check or money order should make the payment out to the "United States Treasury." Write "2011 Form 1040," name, address, daytime phone number and Social Security number on the front of the check or money order. To help insure that the payment is credited promptly, also enclose a [Form 1040-V](#) payment voucher.

In many cases, those struggling with unpaid taxes qualify for one of several relief programs, including those recently expanded under the IRS "[Fresh Start](#)" initiative. These include the following:

- Most people can set up a payment agreement with the IRS on line in a matter of minutes. Those who owe \$50,000 or less in combined tax, penalties and interest can use the [Online Payment Agreement](#) to set up a monthly payment agreement for up to six years. Taxpayers can choose this option even if they have not yet received a bill or notice from the IRS. Alternatively, taxpayers can request a payment agreement by filing [Form 9465-FS](#). This form can be downloaded from IRS.gov and mailed along with a tax return, bill or notice.
- Most unemployed filers and self-employed individuals whose business income dropped substantially can apply for a six-month extension of time to pay. Eligible taxpayers will not be charged a late-payment penalty if they pay any tax, penalty and interest due by Oct. 15, 2012. Taxpayers qualify if they were unemployed for any 30-day period between Jan. 1, 2011 and April 17, 2012. Self-employed people qualify if their business income declined 25 percent or more in 2011, due to the economy. Income limits and other special rules apply. Apply using [Form 1127-A](#).
- Some struggling taxpayers may qualify for an [offer-in-compromise](#). This is an agreement between a taxpayer and the IRS that settles the taxpayer's tax liabilities for less than the full amount owed. Generally, an offer will not be accepted if the IRS believes the liability can be paid in full as a lump sum or through a payment agreement. The IRS looks at the taxpayer's income and assets to make a determination regarding the taxpayer's ability to pay.

Details on all filing and payment options are on IRS.gov.