

IRM PROCEDURAL UPDATE

DATE: 02/29/2016

NUMBER: WI-21-0216-0421

SUBJECT: IRS PayNearMe

AFFECTED IRM(s)/SUBSECTION(s): 21.2.1

CHANGE(s):

IRM 21.2.1.61 - Added section to provide guidance for IRS PayNearMe - Paying with Cash at a Retail Partner.

1. PayNearMe is a new payment option available to taxpayers through <https://www.irs.gov/Payments> and participating retail stores. It is a secure walk up cash payment method that converts cash payments to electronic transactions. It utilizes a barcode and retail locations to complete the transactions.
2. This cash option is only available at participating 7-Eleven locations. There are no participating locations in the following states at this time: Alabama, Alaska, Arkansas, Georgia, Hawaii, Louisiana, Minnesota, Mississippi, Montana, Nebraska, New Mexico, North Dakota, Oklahoma, South Dakota, Tennessee, and Wyoming.
3. PayNearMe is a payment option for taxpayers who prefer to pay their taxes with cash.
4. PayNearMe will be deployed in phases:
 - o Individual Master File (IMF) taxpayers will have access March 1, 2016
 - o The Business Master File (BMF) option is currently unavailable.
5. Official Payments, one of the payment processors, will offer PayNearMe as a payment option on their site for individuals. This can be accessed on the IRS.gov website by going to the "Payments" tab, or by entering the website address <https://www.irs.gov/Payments>, and selecting the "Cash at a Retail Partner" link in the "Other Ways You Can Pay" box.
6. PayNearMe charges a service fee which is separate from tax obligations. The fee structure is:
 - o Individuals will pay \$3.99 per transaction with a \$1,000.00 daily payment limit
7. Taxpayers who want to pay their taxes with cash through the IRS PayNearMe option should do the following:
 1. Taxpayers should go to <https://www.irs.gov/Payments> to begin the payment process. In the "Other Ways You Can Pay" box, click on "Cash at a Retail Partner" and follow the instructions on that page.
 2. The taxpayer will receive an email from Official Payments confirming their information.
 3. The IRS will then verify the information sent by Official Payments.

NOTE: This process may take two to three business days.

4. PayNearMe notifies the taxpayer via email with next step instructions and a barcode. The barcode is available to be printed or displayed on mobile devices.

NOTE: The PayNearMe barcode will expire in **7 days** after it is emailed to the taxpayer.

5. Taxpayers present the barcode at a participating retail location. The retail clerk scans the barcode and collects the cash and fee.
6. The retail clerk presents the taxpayer with a receipt to confirm the transaction. **Important:** Taxpayers should keep this receipt as proof of payment.
7. Official Payments and PayNearMe send transactions for processing.

NOTE: It usually takes **two business days** for payments to be submitted to the IRS. Taxpayers should allow for this to make timely payments in order to avoid interest and penalties.

8. Telephone assistors should encourage taxpayers inquiring about paying a balance to utilize IRS Direct Pay, IRM 21.2.1.48.1, *IRS Direct Pay*, as a quick and easy way to make payments towards their IMF balance. Assistors should encourage cash paying taxpayers to use the PayNearMe option.

NOTE: Taxpayers can access Direct Pay online through IRS.gov where they may select the "Payments" tab and follow the instructions.

9. IRS PayNearMe is currently only available to IMF taxpayers. The service can be used for the following payment types:
 - Form 1040 series
 - Form 1040 ES Estimated Tax
 - Form 4868 Automatic Extension to File Taxes
 - Installment Agreements
 - Trust Fund Recovery
 - Form 5329 Return for Individual Retirement Arrangement Taxes
10. Please advise joint filers using PayNearMe to complete the "Verify Identity" page using the primary filer's information, even if the taxpayer is making an estimated tax payment. This will ensure the payment is promptly applied to the balance due account.
11. IRS PayNearMe is a self-help application, so the number of phone inquiries should be limited. For more information, see IRM 21.2.1.61.1, *Responding to IRS PayNearMe Inquiries*.

NOTE: The IRS PayNearMe web pages are not yet available in Spanish.

21.2.1.61.1 Responding to IRS PayNearMe Inquiries

1. **Important:** Telephone assistors should encourage taxpayers to use IRS Direct Pay, IRM 21.2.1.48.1, *IRS Direct Pay*, for inquiries on paying a balance due account. Telephone assistors should encourage cash paying taxpayers to use the PayNearMe option. Taxpayers may access IRS PayNearMe by typing "Payments" into the IRS.gov search field and clicking on the "Cash at a Retail Partner" link.

NOTE: Emphasize that PayNearMe is a quick and easy way to make cash payments towards their IMF balance.

NOTE: Inform the taxpayer there are fees to use this service.

2. Since IRS PayNearMe is a self-service application, the taxpayer should be able to address most issues using online resources. Some PayNearMe users, however, may experience difficulty completing the identity verification process, and will ask you to check that the information they are using is accurate. **Warning:** You must successfully complete Taxpayer Authentication as described in IRM 21.1.3.2.3, *Required Taxpayer Authentication*, before providing the caller with any account information. If the taxpayer's only issue is to verify address information, it will be necessary to complete additional authentication as described in IRM 21.1.3.2.4, *Additional Taxpayer Authentication*.
3. If taxpayers experience technical difficulties with the PayNearMe application, they should be directed to the PayNearMe customer service number: 888-714-0004.
4. Submitting a payment with PayNearMe may require the user to provide information from a different tax year to verify their identity. This is where many verification errors occur, as users tend to use the most current information. Explain to the caller the following steps:
 - o **Tax Information** - The user enters payment information, including, form type, reason for payment, and the tax year the payment should be applied to.
 - o **Verify Identity** - The user enters information from a past year tax return for identity verification purposes. The tax year the user selects for identification verification does not have to match the tax year for the payment. The user must use the exact information (name, address, filing status, etc) from the return they are using to verify their identity.
5. Follow the instructions below for other IRS PayNearMe inquiries:

If	Then
Taxpayer calls with general questions about IRS PayNearMe	Tell the taxpayer that a link for IRS PayNearMe can be found on the "Payments" tab of the IRS.gov home page by clicking the "Cash at a Retail Partner" link.

Taxpayer calls and they are experiencing difficulties while at a retail location while trying to make their payment.	Tell the taxpayer to call the PayNearMe customer service telephone number 888-714-0004.
Taxpayer calls to verify payment.	Research IDRS. See IRM 21.5.7.4.7.15.1, <i>Electronic Funds Withdrawal (Direct Debit) and Credit Card Payment Tracer</i> . The fourth digit in the EFT number will be a "6" and the 10th and 11th position will be "59", "60", or "61".
Taxpayer calls asking if payments made on the due date will be applied on the same day.	Tell the taxpayer that as long as the payment, including an installment agreement payment, was submitted on or before the due date and a confirmation number was received, the payment will be considered timely. NOTE: Applicable penalties and interest will continue to accrue on unpaid balances until paid in full.
Taxpayer calls with IRS PayNearMe related penalty issues	See IRM 21.2.1.61.2.1 , <i>Removing Penalties Due to Unsuccessful PayNearMe Payments</i>
Taxpayer calls but didn't receive email notification with barcode	Taxpayer verification may take up to 48 hours to process as well as generate the email with the barcode. Additionally, advise taxpayers to check their spam filters to ensure the email hasn't been sent to a spam folder in their email inbox. If this is not successful, provide the taxpayer with the PayNearMe customer service number 888-714-0004.

21.2.1.61.2	Inquiries Regarding Verification of Official Payment PayNearMe Payments
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1. Taxpayers will receive a receipt from the retail location. **Important:** Taxpayers should keep this receipt as proof of payment.
2. Taxpayers will also receive a notification of a successful transaction via email from Official Payments
3. If the taxpayer did not receive an email advise taxpayers to check their spam filters to ensure the email hasn't been sent to a spam folder in their email inbox. If the taxpayer did not receive a confirmation email, apologize and provide the taxpayer with the PayNearMe customer service telephone number 888-714-0004.

4. Research IDRS. See IRM 21.5.7.4.7.15.1, *Electronic Funds Withdrawal (Direct Debit) and Credit Card Payment Tracer*. The fourth digit in the EFT number will be a "6" and the 10th and 11th position will be "59", "60", or "61".

21.2.1.61.2.1	Removing Penalties Due to Unsuccessful PayNearMe Payments
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1. In rare cases, you may consider abating penalties resulting from an unsuccessful PayNearMe payment. This is true even if the taxpayer has not received the official penalty notice, and whether or not the taxpayer requests the abatement. A penalty may be abated without any written communication when it can be determined that the penalty should not have been assessed in the first place. See IRC 6404(a)(3), for additional information. If you can determine ***without additional information from the taxpayer*** that the penalty should not have been assessed, then the penalty can be abated without any written documentation.

CAUTION: You must research the account thoroughly to make this determination.

2. If you determine that the situation meets the criteria described in paragraph (1) and the penalty should not have been assessed, abate the penalty using a TC 281, RC 065, and PRC 015.
3. Apologize verbally during telephone contact, or in writing for correspondence cases, if a notice or bill was sent to the taxpayer due to a penalty assessed in error.
4. Determine if the taxpayer had an installment agreement that was affected by this situation. If so, follow IRM 21.2.1.61.2.2, *Installment Agreement Issues Due to Unsuccessful PayNearMe Payments*.
5. In all other cases you must follow normal penalty relief procedures as described in IRM 20.1.2.1.6, *Correcting Incorrect Assessments*. IRS employees have a responsibility to correct incorrect penalty assessments when they are identified and the statutory period for making the correction has not expired. IRC 6404(a) provides authority for IRS to abate at any time the unpaid portion of any liability that is excessive in amount, or that is erroneously or illegally assessed. A liability is **excessive** to the extent that it exceeds the amount provided for by law.

21.2.1.61.2.2	Installment Agreement Issues Due to Unsuccessful PayNearMe Payments
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1. If a taxpayer's installment agreement (IA) erroneously defaulted due to the situations described in IRM 21.2.1.61.2.1, *Removing Penalties Due to Unsuccessful PayNearMe Payments* follow the guidance in IRM 21.3.12.5.7, *Taxpayer Requesting Reinstatement of Defaulted Installment Agreement*, to reinstate the IA.