

Publication 3402

Taxation of Limited Liability Companies

Volume 1 of 1



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Reminder

Photographs of missing children. The Internal Revenue Service is a proud partner with the National Center for Missing and Exploited Children. Photographs of missing children selected by the Center may appear in this publication on pages that would otherwise be blank. You can help bring these children home by looking at the photographs and calling 1-800-THE-LOST (1-800-843-5678) if you recognize a child.

Introduction

This publication provides federal income, employment, and excise tax information for limited liability companies. This publication doesn't address state law governing the formation, operation, or termination of limited liability companies. This publication doesn't address any state taxes.

Comments and suggestions. We welcome your comments about this publication and your suggestions for future editions.

You can send us comments through [IRS.gov/FormComments](https://www.irs.gov/FormComments). Or, you can write to: Internal Revenue Service, Tax Forms and Publications, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224.

Although we can't respond individually to each comment received, we do appreciate your feedback and will consider your comments as we revise our tax forms, instructions, and publications. We can't answer tax questions sent to the above address.

Tax questions. If you have a tax question not answered by this publication or *How To Get Tax Help* section at the end of this publication, go to the IRS Interactive Tax Assistant page at [IRS.gov/Help/ITA](https://www.irs.gov/Help/ITA) where you can find topics using the search feature or by viewing the categories listed.

Getting tax forms, instructions, and publications. Visit [IRS.gov/Forms](https://www.irs.gov/forms) to download current and prior-year forms, instructions, and publications.

Ordering forms and publications. Go to [IRS.gov/OrderForms](https://www.irs.gov/orderforms) to order current forms, instructions, and publications; call 800-829-3676 to order prior-year forms and instructions. Your order should arrive within 10 business days.

Useful Items

You may want to see:

Publication

- ☐ **15** (Circular E), Employer's Tax Guide
- ☐ **334** Tax Guide for Small Business
- ☐ **505** Tax Withholding and Estimated Tax
- ☐ **535** Business Expenses

- **541** Partnerships
- **542** Corporations
- **544** Sales and Other Dispositions of Assets
- **583** Starting a Business and Keeping Records
- **925** Passive Activity and At-Risk Rules

Form (and Instructions)

- ☐ **1065** U.S. Return of Partnership Income
- ☐ **1120** U.S. Corporation Income Tax Return
- ☐ **1120-S** U.S. Income Tax Return for an S Corporation
- ☐ **2553** Election by a Small Business Corporation
- ☐ **8832** Entity Classification Election

See *How To Get Tax Help* near the end of this publication for information about getting publications and forms.

What Is a Limited Liability Company?

For purposes of this publication, a limited liability company (LLC) is a business entity organized in the United States under state law. An LLC may be classified for federal income tax purposes as a partnership, corporation, or an entity disregarded as separate from its owner by applying the rules in Regulations section 301.7701-3.

The information in this publication applies to LLCs in general, and different rules may apply to special situations, including banks, insurance companies, or nonprofit organizations that are LLCs or that own LLCs. Check your state's requirements and the federal tax regulations for further information.

Classification of an LLC

Default classification. An LLC with at least two members is classified as a partnership for

federal income tax purposes. An LLC with only one member is treated as an entity that is disregarded as separate from its owner for income tax purposes (but as a separate entity for purposes of employment tax and certain excise taxes). Also, an LLC's federal tax classification can subsequently change under certain default rules discussed later.

Elected classification. An LLC can elect to be classified as an association taxable as a corporation or as an S corporation. After an LLC has determined its federal tax classification, it can later elect to change that classification. For details, see *Subsequent Elections*, later.

LLCs Classified as Partnerships

If an LLC has at least two members and is classified as a partnership, it generally must file Form 1065, U.S. Return of Partnership Income. Generally, an LLC classified as a partnership is subject to the same filing and reporting requirements as partnerships. See the Instructions for Form 1065.

Change in default classification. If the number of members in an LLC classified as a partnership is reduced to only one member, it becomes an entity disregarded as separate from its owner under Regulations section 301.7701-3(f)(2). However, if the LLC has made an election to be classified as a corporation (discussed later) and that elective classification is in effect at the time of the change in membership, the default classification as a disregarded entity will not apply.

Other tax consequences of a change in membership, such as recognition of gain or loss, are determined by the transactions through which an interest in the LLC is acquired or disposed of. If a partnership that becomes a disregarded entity as a result of a decrease in the number of members makes an election to be classified as a corporation, the applicable deemed transactions discussed under *Subsequent Elections*, later, apply.

Example 1. Ethel and Francis are members of an LLC classified as a partnership for federal tax purposes. Each holds an equal membership interest. The LLC doesn't hold any unrealized receivables or substantially appreciated inventory. Ethel sells her entire interest in the LLC to Francis for \$10,000. After the sale, the business is continued by the LLC, which is owned solely by Francis. No entity classification election is made after the sale to treat the LLC as a corporation for federal tax purposes. The partnership

terminates when Francis buys Ethel's entire interest. Ethel must treat the transaction as the sale of a partnership interest and must report gain or loss, if any, resulting from the sale of her partnership interest.

For purposes of determining the tax treatment of Francis, the partnership is deemed to make a liquidating distribution of all of its assets to Ethel and Francis, and after this distribution, Francis is treated as acquiring the assets deemed to have been distributed to Ethel in liquidation of Ethel's partnership interest. Francis' basis in the assets attributable to Ethel's one-half interest in the partnership is \$10,000, the purchase price for Ethel's partnership interest. Upon the termination of the partnership, Francis is considered to receive a distribution of those assets attributable to Francis' former interest in the partnership. Francis must recognize gain or loss, if any, on the deemed distribution of the assets to the extent

required by section 731(a). See *Partnership Distributions* in Pub. 541.

Example 2. George and Henrietta are members of an LLC classified as a partnership for federal tax purposes. Each holds an equal membership interest. The LLC doesn't hold any unrealized receivables or substantially appreciated inventory. George and Henrietta each sell their entire interests in the LLC to Ian, an unrelated person, in exchange for \$10,000. After the sale, the business is continued by the LLC, which is owned solely by Ian. No entity classification election is made after the sale to treat the LLC as a corporation for federal tax purposes. The partnership terminates when Ian purchases the entire interests of George and Henrietta in the LLC. George and Henrietta must report gain or loss, if any, resulting from the sale of their partnership interests. For purposes of classifying the acquisition by Ian, the partnership is deemed to make a liquidating

distribution of its assets to George and Henrietta. Immediately following this distribution, Ian is deemed to acquire, by purchase, all of the former partnership's assets.

For more details see Rev. Rul. 99-6 and section 708.

LLCs Classified as Disregarded Entities

Income tax. If an LLC has only one member and is classified as an entity disregarded as separate from its owner, its income, deductions, gains, losses, and credits are reported on the owner's income tax return. For example, if the owner of the LLC is an individual, the LLC's income and expenses would be reported on the following schedules filed with the owner's Form 1040:

- Schedule C, Profit or Loss from Business (Sole Proprietorship);

- Schedule E, Supplemental Income and Loss; or
- Schedule F, Profit or Loss From Farming.

Note. The LLC should not file an income tax return.

Employment tax and certain excise taxes. A single-member LLC disregarded for income tax purposes is considered a corporation for employment tax and collection of income tax at source and certain excise tax purposes and must use its own name and identification number for those purposes.

See the employment and excise tax returns and instructions, including the following, for more information.

- Form 637, Application for Registration (For Certain Excise Tax Activities)
- Form 720, Quarterly Federal Excise Tax Return

- Form 730, Monthly Tax Return for Wagers (Section 4401 of the Internal Revenue Code)
- Form 2290, Heavy Highway Vehicle Use Tax Return
- Form 11-C, Occupational Tax and Registration Return for Wagering
- Form 8849, Claim for Refund of Excise Taxes
- Form 941, Employer's Quarterly Federal Tax Return

For the purposes of determining certain exceptions from employment tax because of the familial relationship or religious affiliation of the employer and employee, the owner of the LLC is considered the employer.

Additionally, the owner of the entity is subject to the withholding requirements imposed by section 3406 (backup withholding).

Self-employment tax. Generally an individual owner of a single-member LLC classified as a disregarded entity isn't an employee of the LLC. Instead, the owner is subject to tax on the net earnings from self-employment of the LLC which is treated in the same manner as a sole proprietorship. Similarly, a partner in a partnership that is the owner of a single-member LLC classified as a disregarded entity is not an employee of the LLC. Instead, the partner is subject to the same self-employment tax rules as a partner of a partnership that does not own a disregarded entity.

Example 3. LLC is a disregarded entity owned by Irene. LLC has three employees (Kent, Patricia, and Tex) and pays wages. LLC is treated as an entity separate from its owner for purposes of employment taxes. For the wages paid to Kent, Patricia, and Tex, LLC is liable for income tax withholding, Federal Insurance Contributions Act (FICA) taxes, and

Federal Unemployment Tax Act (FUTA) taxes. In addition, LLC must file under its name and EIN the applicable employment tax returns; make timely employment tax deposits; and file with the Social Security Administration and furnish to LLC's employees (Kent, Patricia, and Tex) Forms W-2, Wage and Tax Statement. Irene is self-employed for purposes of the self-employment tax. Thus, Irene is subject to self-employment tax on her net earnings from self-employment with respect to LLC's activities. Irene isn't an employee of LLC for purposes of employment taxes. Because LLC is treated as a sole proprietorship of Irene for income tax purposes, Irene must report the income and expenses from LLC on her Schedule C. Irene can also figure her self-employment tax and any deduction for self-employment tax on Schedule SE (Form 1040 or 1040-SR).

Taxpayer identification number. For all income tax purposes, a single-member LLC

classified as a disregarded entity must use the owner's social security number (SSN) or EIN. This includes all information returns and reporting related to income tax. For example, if a disregarded entity LLC that is owned by an individual is required to provide a Form W-9, Request for Taxpayer Identification Number and Certification, the LLC must provide the owner's SSN or EIN, not the LLC's EIN.

However, most new single-member LLCs classified as a disregarded entity will need to obtain an EIN for the LLC. An LLC will need an EIN if it has any employees or if it will be required to file any of the excise tax forms listed above (see *Employment tax and certain excise taxes* earlier). See Form SS-4, Application for Employer Identification Number, for information on applying for an EIN.

Change in default classification. If a single-member LLC classified as a disregarded

entity for income tax purposes acquires an additional member, it becomes a partnership under Regulations section 301.7701-3(f)(2). However, if the LLC has made an election to be classified as a corporation (discussed later) and that elective classification is in effect at the time of the change in membership, the default classification as a partnership will not apply.

Other tax consequences of a change in membership, such as recognition of gain or loss, are determined by the transactions through which an interest in the LLC is acquired or disposed of. If a disregarded entity that becomes a partnership as a result of an increase in the number of members makes an election to be classified as a corporation, the applicable deemed transactions discussed in *Subsequent Elections*, later, apply.

Example 4. Bart, who isn't related to Alain, buys 50% of Alain's interest in an LLC that is a disregarded entity for \$5,000. Alain doesn't contribute any portion of the \$5,000 to the LLC. Alain and Bart continue to operate the business of the LLC as co-owners of the LLC. The LLC is converted to a partnership when the new member, Bart, buys an interest in the disregarded entity from the owner, Alain. Bart's buying a 50% interest in Alain's ownership interest in the LLC is treated as Bart's buying a 50% interest in each of the LLC's assets, which are treated as owned directly by Alain for federal income tax purposes. Immediately thereafter, Alain and Bart are treated as contributing their respective interests in those assets to a partnership in exchange for ownership interests in the partnership. Alain recognizes gain or loss from the deemed sale to Bart of the 50% interest in the assets. Neither Alain nor Bart recognizes any gain or loss as a

result of the deemed contribution of the assets to the partnership.

Example 5. Charles, who isn't related to Danielle, contributes \$10,000 to an LLC owned by Danielle for a 50% ownership interest in the LLC. The LLC uses all of the contributed cash in its business. Charles and Danielle continue to operate the business of the LLC as co-owners of the LLC. The LLC is converted from a disregarded entity to a partnership when Charles contributes cash to the LLC. Charles' contribution is treated as a contribution to a partnership in exchange for an ownership interest in the partnership. Danielle is treated as contributing all of the assets of the LLC to the partnership in exchange for a partnership interest. Neither Charles nor Danielle recognizes gain or loss as a result of the conversion of the disregarded entity to a partnership.

For more details on the preceding two examples, see Revenue Ruling 99-5, 1999-6 I.R.B. 8. You can find Revenue Ruling 99-5 at [IRS.gov/pub/irs-irbs/irb99-06.pdf](https://www.irs.gov/pub/irs-irbs/irb99-06.pdf).

LLCs Classified as Corporations

An LLC with either a single member or more than one member can elect to be classified as a corporation rather than be classified as a partnership or disregarded entity under the default rules discussed earlier. File Form 8832 to elect classification as a C corporation. File Form 2553 to elect classification as an S corporation. An LLC electing classification as an S corporation isn't required to file Form 8832 to elect classification as a corporation before filing Form 2553. By filing Form 2553, an LLC is deemed to have elected classification as a corporation in addition to the S corporation classification.



If the LLC elects to be classified as a corporation by filing Form 8832, a copy of the LLC's Form 8832 must be attached to the federal income tax return of each direct

and indirect owner of the LLC for the tax year of the owner that includes the date on which the election took effect.

Example 6. Classification as a corporation without an S election. Wanda and Sylvester are members of an LLC. They agree that the LLC should be classified as a corporation but don't want to elect to have the LLC be treated as an S corporation. The LLC must file Form 8832.

Example 7. Classification as a corporation with an S election. Evelyn and Carol are members of an LLC. They agree that the LLC should be classified as an S corporation. The LLC must file Form 2553 instead of Form 8832.

If the LLC is classified as a corporation, it must file a corporation income tax return. If it is a C corporation, it is taxed on its taxable income and distributions to the members are includible in the members' gross income to the extent of the corporation's earnings and

profits (double taxation). If it is an S corporation, the corporation is generally not subject to any income tax and the income, deductions, gains, losses, and credits of the corporation “pass through” to the members.

Corporations generally file either:

- Form 1120; or
- Form 1120-S.

For more information on the income taxation of corporations and their shareholders, see Pub. 542. For more information on the income taxation of S corporations and their shareholders, see the Instructions for Form 1120-S.

Subsequent Elections

An LLC can elect to change its classification. Generally, once an LLC has elected to change its classification, it can't elect again to change its classification during the 60 months after the effective date of the election. An election

by a newly formed LLC that is effective on the date of formation isn't considered a change for purposes of this limitation. For more information and exceptions, see Regulations section 301.7701-3(c) and the Form 8832 instructions.

An election to change classification can have significant tax consequences based on the following transactions that are deemed to occur as a result of the election.

Partnership to corporation. An election to change classification from a partnership to a corporation will be treated as if the partnership contributed all of its assets and liabilities to the corporation in exchange for stock and the partnership then immediately liquidated by distributing the stock to its partners.

For more information, see *Partnership Distributions* in Pub. 541 and *Property Exchanged for Stock* in Pub. 542.

Corporation to partnership. An election to change classification from a corporation to a partnership will be treated as if the corporation distributed all of its assets and liabilities to its shareholders in liquidation and the shareholders then immediately contributed all of the distributed assets and liabilities to a new partnership.

For more information, see *Contribution of Property* in Pub. 541 and *Distributions to Shareholders* in Pub. 542.

Corporation to disregarded entity. An election to change classification from a corporation to a disregarded entity will be treated as if the corporation distributed all of its assets and liabilities to its single owner in liquidation.

For more information, see *Distributions to Shareholders* in Pub. 542.

Disregarded entity to corporation. An election to change classification from a

disregarded entity to a corporation will be treated as if the owner of the disregarded entity contributed all of the assets and liabilities to the corporation in exchange for stock.

For more information, see *Property Exchanged for Stock* in Pub. 542.

Community Property

A married couple may choose to treat a business entity as a partnership or as a disregarded entity if:

1. The business entity is wholly owned by the couple as community property under the laws of a state, a foreign country, or possession of the United States;
2. No person other than one or both spouses would be considered an owner for federal tax purposes; and
3. The business entity isn't treated as a corporation under Regulations section 301.7701-2.

A change in reporting position will be treated as a conversion of the entity.

How To Get Tax Help

If you have questions about a tax issue, need help preparing your tax return, or want to download free publications, forms, or instructions, go to [IRS.gov](https://www.irs.gov) and find resources that can help you right away.

Preparing and filing your tax return. After receiving your wage and earning statements (Form W-2, W-2G, 1099-R, 1099-MISC) from all employers and interest and dividend statements from banks (Forms 1099), you can find free options to prepare and file your return on [IRS.gov](https://www.irs.gov) or in your local community if you qualify.

The Volunteer Income Tax Assistance (VITA) program offers free tax help to people with low-to-moderate incomes, persons with disabilities, and limited-English-speaking taxpayers who need help preparing their own tax returns. The Tax Counseling for the Elderly (TCE) program offers free tax help for

all taxpayers, particularly those who are 60 years of age and older. TCE volunteers specialize in answering questions about pensions and retirement-related issues unique to seniors.

You can go to [IRS.gov](https://www.irs.gov) to see your options for preparing and filing your return, which include the following.

- **Free File.** Go to [IRS.gov/FreeFile](https://www.irs.gov/FreeFile) to see if you qualify to use brand-name software to prepare and *e-file* your federal tax return for free.
- **VITA.** Go to [IRS.gov/VITA](https://www.irs.gov/VITA), download the free IRS2Go app, or call 800-906-9887 to find the nearest VITA location for free tax return preparation.
- **TCE.** Go to [IRS.gov/TCE](https://www.irs.gov/TCE), download the free IRS2Go app, or call 888-227-7669 to find

the nearest TCE location for free tax return preparation.

Employers can register to use Business Services Online. The SSA offers online service for fast, free, and secure online W-2 filing options to CPAs, accountants, enrolled agents, and individuals who process W-2s (Wage and Tax Statement) and W-2Cs (Statement of Corrected Income and Tax Amounts). Employers can go to [SSA.gov/employer](https://ssa.gov/employer) for more information.



Getting answers to your tax questions. On IRS.gov, get answers to your tax questions anytime, anywhere.

- Go to [IRS.gov/Help](https://irs.gov/Help) for a variety of tools that will help you get answers to some of the most common tax questions.
- Go to [IRS.gov/ITA](https://irs.gov/ITA) for the Interactive Tax Assistant, a tool

that will ask you questions on a number of tax law topics and provide answers. You can print the entire interview and the final response for your records.

- Go to [IRS.gov/Forms](https://www.irs.gov/forms) to search for our forms, instructions, and publications. You will find details on 2019 tax changes and hundreds of interactive links to help you find answers to your questions.
- You may also be able to access tax law information in your electronic filing software.

Tax reform. Tax reform legislation affects individuals, businesses, and tax-exempt and government entities. Go to [IRS.gov/TaxReform](https://www.irs.gov/taxreform) for information and updates on how this legislation affects your taxes.

IRS social media. Go to [IRS.gov/SocialMedia](https://www.irs.gov/SocialMedia) to see the various social media tools the IRS uses to share the latest information on tax changes, scam alerts, initiatives, products, and services. At the IRS, privacy and security are paramount. We use these tools to share public information with you. **Don't** post your social security number or other confidential information on social media sites. Always protect your identity when using any social networking site.

The following IRS YouTube channels provide short, informative videos on various tax-related topics in English, Spanish, and ASL.

- [Youtube.com/irsvideos](https://www.youtube.com/irsvideos).
- [Youtube.com/irsvideomultilingual](https://www.youtube.com/irsvideomultilingual).
- [Youtube.com/irsvideosASL](https://www.youtube.com/irsvideosASL).

Watching IRS videos. The IRS Video portal ([IRSVideos.gov](https://www.irs.gov/irsvideos)) contains video and audio

presentations for individuals, small businesses, and tax professionals.

Getting tax information in other languages. For taxpayers whose native language isn't English, we have the following resources available. Taxpayers can find information on IRS.gov in the following languages.

- *Spanish* ([IRS.gov/Spanish](https://www.irs.gov/Spanish)).
- *Chinese* ([IRS.gov/Chinese](https://www.irs.gov/Chinese)).
- *Korean* ([IRS.gov/Korean](https://www.irs.gov/Korean)).
- *Russian* ([IRS.gov/Russian](https://www.irs.gov/Russian)).
- *Vietnamese*
([IRS.gov/Vietnamese](https://www.irs.gov/Vietnamese)).

The IRS Taxpayer Assistance Centers (TACs) provide over-the-phone interpreter service in over 170 languages, and the service is available free to taxpayers.

Getting tax forms and publications. Go to [IRS.gov/Forms](https://www.irs.gov/forms) to view, download, or print all of the forms, instructions, and publications you may need. You can also download and view popular tax publications and instructions (including the 1040 and 1040-SR instructions) on mobile devices as an eBook at no charge at [IRS.gov/eBooks](https://www.irs.gov/eBooks). Or you can go to [IRS.gov/OrderForms](https://www.irs.gov/OrderForms) to place an order and have them mailed to you within 10 business days.

Access your online account (individual taxpayers only). Go to [IRS.gov/Account](https://www.irs.gov/Account) to securely access information about your federal tax account.

- View the amount you owe, pay online, or set up an online payment agreement.
- Access your tax records online.
- Review the past 24 months of your payment history.

- Go to [IRS.gov/SecureAccess](https://www.irs.gov/SecureAccess) to review the required identity authentication process.

Using direct deposit. The fastest way to receive a tax refund is to combine direct deposit and IRS *e-file*. Direct deposit securely and electronically transfers your refund directly into your financial account. Eight in 10 taxpayers use direct deposit to receive their refund. The IRS issues more than 90% of refunds in less than 21 days.

Getting a transcript or copy of a return.

The quickest way to get a copy of your tax transcript is to go to [IRS.gov/Transcripts](https://www.irs.gov/Transcripts). Click on either “Get Transcript Online” or “Get Transcript by Mail” to order a copy of your transcript. If you prefer, you can order your transcript by calling 800-908-9946.

Using online tools to help prepare your return. Go to [IRS.gov/Tools](https://www.irs.gov/Tools) for the following.

- The *Earned Income Tax Credit Assistant* ([IRS.gov/EITCAssistant](https://www.irs.gov/EITCAssistant)) determines if you're eligible for the EIC.
- The *Online EIN Application* ([IRS.gov/EIN](https://www.irs.gov/EIN)) helps you get an employer identification number.
- The *Tax Withholding Estimator* ([IRS.gov/ W4app](https://www.irs.gov/W4app)) makes it easier for everyone to pay the correct amount of tax during the year. The Estimator replaces the Withholding Calculator. The redesigned tool is a convenient, online way to check and tailor your withholding. It's more user-friendly for taxpayers, including retirees and self-employed individuals. The new and improved features include the following.
 - Easy to understand language;

- The ability to switch between screens, correct previous entries, and skip screens that don't apply;
 - Tips and links to help you determine if you qualify for tax credits and deductions;
 - A progress tracker;
 - A self-employment tax feature; and
 - Automatic calculation of taxable social security benefits.
- The *First Time Homebuyer Credit Account Look-up* ([*IRS.gov/HomeBuyer*](https://www.irs.gov/HomeBuyer)) tool provides information on your repayments and account balance.
- The *Sales Tax Deduction Calculator* ([*IRS.gov/SalesTax*](https://www.irs.gov/SalesTax)) figures the amount

you can claim if you itemize deductions on Schedule A (Form 1040 or 1040-SR), choose not to claim state and local income taxes, and you didn't save your receipts showing the sales tax you paid.

Resolving tax-related identity theft issues.

- The IRS doesn't initiate contact with taxpayers by email or telephone to request personal or financial information. This includes any type of electronic communication, such as text messages and social media channels.
- Go to [IRS.gov/IDProtection](https://www.irs.gov/IDProtection) for information.
- If your SSN has been lost or stolen or you suspect you're a victim of tax-related identity theft, visit [IRS.gov/IdentityTheft](https://www.irs.gov/IdentityTheft) to learn what steps you should take.

Checking on the status of your refund.

- Go to [IRS.gov/Refunds](https://www.irs.gov/Refunds).
- The IRS can't issue refunds before mid-February 2020 for returns that claimed the EIC or the ACTC. This applies to the entire refund, not just the portion associated with these credits.
- Download the official IRS2Go app to your mobile device to check your refund status.
- Call the automated refund hotline at 800-829-1954.

Making a tax payment. The IRS uses the latest encryption technology to ensure your electronic payments are safe and secure. You can make electronic payments online, by phone, and from a mobile device using the IRS2Go app. Paying electronically is quick,

easy, and faster than mailing in a check or money order. Go to [IRS.gov/Payments](https://www.irs.gov/Payments) to make a payment using any of the following options.

- [IRS Direct Pay](#): Pay your individual tax bill or estimated tax payment directly from your checking or savings account at no cost to you.
- [Debit or Credit Card](#): Choose an approved payment processor to pay online, by phone, and by mobile device.
- [Electronic Funds Withdrawal](#): Offered only when filing your federal taxes using tax return preparation software or through a tax professional.
- [Electronic Federal Tax Payment System](#): Best option for

businesses. Enrollment is required.

- *Check or Money Order*: Mail your payment to the address listed on the notice or instructions.
- *Cash*: You may be able to pay your taxes with cash at a participating retail store.
- *Same-Day Wire*: You may be able to do same-day wire from your financial institution. Contact your financial institution for availability, cost, and cut-off times.

What if I can't pay now? Go to [IRS.gov/Payments](https://www.irs.gov/payments) for more information about your options.

- Apply for an *online payment agreement* ([IRS.gov/OPA](https://www.irs.gov/opa)) to meet your tax obligation in

monthly installments if you can't pay your taxes in full today. Once you complete the online process, you will receive immediate notification of whether your agreement has been approved.

- Use the [Offer in Compromise Pre-Qualifier](#) to see if you can settle your tax debt for less than the full amount you owe. For more information on the Offer in Compromise program, go to [IRS.gov/OIC](#).

Checking the status of an amended return. Go to [IRS.gov/WMAR](#) to track the status of Form 1040-X amended returns. Please note that it can take up to 3 weeks from the date you mailed your amended return for it to show up in our system, and processing it can take up to 16 weeks.

Understanding an IRS notice or letter. Go to [IRS.gov/Notices](https://www.irs.gov/Notices) to find additional information about responding to an IRS notice or letter.

Contacting your local IRS office. Keep in mind, many questions can be answered on IRS.gov without visiting an IRS Tax Assistance Center (TAC). Go to [IRS.gov/LetUsHelp](https://www.irs.gov/LetUsHelp) for the topics people ask about most. If you still need help, IRS TACs provide tax help when a tax issue can't be handled online or by phone. All TACs now provide service by appointment so you'll know in advance that you can get the service you need without long wait times. Before you visit, go to [IRS.gov/TACLocator](https://www.irs.gov/TACLocator) to find the nearest TAC, check hours, available services, and appointment options. Or, on the IRS2Go app, under the Stay Connected tab, choose the Contact Us option and click on "Local Offices."

The Taxpayer Advocate Service (TAS) Is Here To Help You

What Is TAS?

TAS is an ***independent*** organization within the IRS that helps taxpayers and protects taxpayer rights. Their job is to ensure that every taxpayer is treated fairly and that you know and understand your rights under the *Taxpayer Bill of Rights*.

How Can You Learn About Your Taxpayer Rights?

The Taxpayer Bill of Rights describes 10 basic rights that all taxpayers have when dealing with the IRS. Go to *TaxpayerAdvocate.IRS.gov* to help you understand *what these rights mean to you* and how they apply. These are ***your*** rights. Know them. Use them.

What Can TAS Do For You?

TAS can help you resolve problems that you can't resolve with the IRS. And their service is free. If you qualify for their assistance, you will be assigned to one advocate who will work with you throughout the process and will do everything possible to resolve your issue.

TAS can help you if:

- Your problem is causing financial difficulty for you, your family, or your business;
- You face (or your business is facing) an immediate threat of adverse action; or
- You've tried repeatedly to contact the IRS but no one has responded, or the IRS hasn't responded by the date promised.

How Can You Reach TAS?

TAS has offices *in every state, the District of Columbia, and Puerto Rico*. Your local advocate's number is in your local directory and at *TaxpayerAdvocate.IRS.gov/Contact-Us*. You can also call them at 877-777-4778.

How Else Does TAS Help Taxpayers?

TAS works to resolve large-scale problems that affect many taxpayers. If you know of one of these broad issues, please report it to them at *IRS.gov/SAMS*.

TAS also has a website, *Tax Reform Changes*, which shows you how the new tax law may change your future tax filings and helps you plan for these changes. The information is categorized by tax topic in the order of the IRS Form 1040 or 1040-SR. Go to *TaxChanges.us* for more information.

TAS for Tax Professionals

TAS can provide a variety of information for tax professionals, including tax law updates and guidance, TAS programs, and ways to let TAS know about systemic problems you've seen in your practice.

Low Income Taxpayer Clinics (LITCs)

LITCs are independent from the IRS. LITCs represent individuals whose income is below a certain level and need to resolve tax problems with the IRS, such as audits, appeals, and tax collection disputes. In addition, clinics can provide information about taxpayer rights and responsibilities in different languages for individuals who speak English as a second language. Services are offered for free or a small fee. To find a clinic near you, visit [IRS.gov/LITC](https://www.irs.gov/LITC) or see IRS Pub. 4134, [*Low Income Taxpayer Clinic List*](#).

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To help us develop a more useful index, please let us know if you have ideas for index entries. See “Comments and Suggestions” in the “Introduction” for the ways you can reach us.

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