INTERNAL REVENUE SERVICE

IRS ⦿ News Release

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IRS Automates Installment Agreement User Fees

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WASHINGTON —The Internal Revenue Service announced today that it has automated the user fee calculations for taxpayers entering into an installment agreement.

Previously, taxpayers were required to submit a paper Form 13844 to request a reduced user fee. Now, eligibility for reduced fees is determined automatically by the IRS.

An installment agreement allows taxpayers to pay their full tax debt in smaller, more manageable amounts, though penalties and interest continue to accrue on the unpaid portion of that debt. Taxpayers are charged a one-time fee to set up an installment agreement with the IRS. A reduced fee is available for qualifying taxpayers.

Generally, user fees are $105 for non-direct debit agreements, $52 for direct debit agreements and $45 for reinstatements. However, the fee is only $43 for taxpayers with income at or below certain U.S. Department of Health and Human Services poverty guidelines.

All taxpayers entering into an installment agreement will automatically be considered for the reduced user fee using information the IRS already has on hand from the taxpayer's current tax return. Those who qualify will be charged the reduced $43 fee for all installment agreements established through any method. These include the Online Payment Agreement application on the IRS Website at IRS.gov, telephone, face-to-face or mail.

"This new process will improve service for and reduce the paperwork burden on taxpayers applying for an installment agreement," said acting IRS Commissioner Linda E. Stiff. "Now, taxpayers who are eligible for the reduced fee will automatically receive it without extra work on their part."

In some instances, taxpayers may receive an installment agreement acceptance notice from the IRS but not a reduced user fee even though they believe they still should qualify for one. In that situation, taxpayers can request a reduced fee by completing Form 13844, Application for Reduced User Fee for Installment Agreements, and submit it to the IRS within 30 days of receipt of the installment agreement acceptance notice. The IRS will evaluate the application and respond to the taxpayer. Form 13844 is available on the IRS Web site at IRS.gov or may be ordered by calling toll-free 1-800-TAX-FORM (1-800-829-3676).

The IRS reminds the public that the Online Payment Agreement application launched in 2006 provides an easy way to resolve tax liabilities and allows eligible taxpayers or their authorized representatives to self-qualify, apply for and receive immediate notification of approval.

Taxpayers must have filed all required tax returns to use the online application. Agreements can be established on existing outstanding balances or on pre-assessed amounts from current year Form 1040 liabilities.

Three payment options are available when applying online:

- Payment in full — Taxpayers pay within 10 days to avoid interest and penalties.

- Short-term extension — Taxpayers receive a short-term extension of up to 120 days. No fee is charged, but additional penalties and interest will accrue.

- Monthly payment plan — The appropriate user fee is added to the amount owed, and interest and penalty continues to accrue on the unpaid balance.

To access the online application, use the pull-down menu under "I need to..." on the front page of IRS.gov and select "Set Up a Payment Plan." The application is available Monday through Friday from 6 a.m. to 12:30 a.m., Saturday from 6 a.m. to 10 p.m. and Sunday from 4 p.m. to midnight (all are Eastern Time).

Related Items:

- IRS Announces Installment Agreement User Fee Increases for Some Taxpayers
- Application Available for Reduced Installment Agreement User Fee
- Online Payment Agreement (OPA) Application
- Payment Plans, Installment Agreements

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