



IRS Nationwide Tax Forum | 2021

Collection Flexibilities During Difficult Economic Times Tuesday, July 27, 2021

Start time: 2:00 p.m. Eastern / 1:00 p.m. Central
noon Mountain / 11:00 a.m. Pacific

Note: You should be hearing music while waiting for webinar to start.

Having Technical Issues?

View the “Technical Issues” troubleshooting guide in the Materials drop-down menu on the left side of this page



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Collection Flexibilities During Difficult Economic Times

This presentation will discuss topics of interest to practitioners whose clients are faced with 2020 tax liabilities resulting from the COVID-19 pandemic.



Collection Flexibilities During Difficult Economic Times

- First time penalty abatement and general penalty abatement
- How to make payments to the IRS
- Payment plans (including installment agreements) and Online Payment Agreement (OPA)
- Currently not collectible (CNC) status
- How to avoid owing again for 2021

At the end of this presentation, you will be able to:

- Explain how to apply for first time penalty abatement and general penalty abatement
- List ways of making payments to the IRS
- Discuss the options for payment plans (including installment agreements)
- Explain the criteria the IRS uses to determine a case is CNC
- Instruct a taxpayer on how to avoid owing again for 2021



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First Time Penalty Abatement

- The IRS may provide administrative relief from a penalty under its “First Time Abatement” policy.
- Taxpayers may qualify for administrative relief from penalties for failing to file a tax return, not paying on time, and/or not depositing taxes when due if:
 - No return was required to be filed or there are no penalties for the three tax years prior to the tax year in which a penalty is proposed.
 - All currently required returns have been filed or an extension of time to file was filed.
 - All payments (or arrangements to pay) any tax due have been made.





Reasonable Cause Penalty Abatement

- Taxpayers may request penalty abatement under reasonable cause criteria – examples include:
 - Casualty
 - Elderly
 - Ignorance
 - Illness
 - Mail issues
 - Mitigating circumstances
 - Missing signature(s)
 - Tax law change
 - Embezzlement
 - Other
- To request penalty relief, call the number on your notice.
- These are only guidelines – this is not an exhaustive list.

Making Payments to the IRS

Paying your taxes is easier than ever before. In addition to mailing a check, IRS now offers multiple ways to pay electronically, including:

- Bank account (Direct pay) (link on IRS.gov, free)
- Debit or credit card (link on IRS.gov, third-party processing fees apply)
- Electronic Federal Tax Payment System (EFTPS) (enrollment required)
- Same-day bank wire (bank fees may apply)
- Electronic funds withdrawal (during e-filing)
- Check or money order
- Cash

Go to [IRS.gov/payments](https://www.irs.gov/payments) to view all of the payment options



Payment Plans – Individual

- Your client's specific tax situation will determine which payment options are available. If full payment is not possible, other payment options include a short-term payment plan (due within 180 days if applying by phone) or a long-term payment plan (installment agreement, paying monthly).
- OPA – Individuals and power of attorneys may qualify to apply online
 - Long-term payment plan. If balance due is \$50,000 or less in combined tax, penalties and interest, and all required returns have been filed
 - Short-term payment plan (up to 120 days). If balance due is less than \$100,000 in combined tax, penalties and interest
- [IRS.gov/paymentplans](https://www.irs.gov/paymentplans)



Payment Plans – Business

- Your client’s specific tax situation will determine which payment options are available. If full payment is not possible, other payment options include a short-term payment plan (due within 180 days when applying by phone) or a long-term payment plan (installment agreement, paying monthly) for qualified taxpayers.
- OPA – businesses may qualify to apply for a long-term plan online.
 - Long-term payment plan (installment agreement). If balance due is \$25,000 or less in combined tax, penalties and interest, and all required returns have been filed.
- [IRS.gov/paymentplans](https://www.irs.gov/paymentplans)

Payment Plans - Setup Fees

Type of Plan	Application Method	Regular Setup Fee	Low-Income Setup Fee (individuals only)
Short-Term Payment Plan	Any	\$0	\$0
Regular Installment Agreement (IA) (non-direct debit), including Payroll Deduction IA**	Online through OPA or Voice Balance Due (VBD) (automated phone system)	\$149	\$43*
	Phone, mail, or in-person	\$225	\$43*
Direct Debit (DDIA)	Online (OPA)	\$31	Waived
	Phone, mail, or in-person	\$107	Waived

*Under the Bipartisan Budget Act of 2018, IA setup fees will be reimbursed to low-income taxpayers that are unable to make electronic payments through a debit instrument upon completion of the IA.

** Cannot be setup through OPA or VBD.



Currently Not Collectible (CNC) Hardship Status

- If IRS determines that you cannot pay any of your tax debt, IRS may report your account as CNC.
- IRS established standard amounts for basic living expenses and will vary according to the unique circumstances of the individual taxpayer.
- Unique circumstances do not include the maintenance of an affluent or luxurious standard of living.
- While your account is in CNC status, IRS will temporarily delay collection until your financial condition improves.

CNC Hardship Pros and Cons

Pros

- Most collection activity suspended

Cons

- Tax is still owed
- Penalties and Interest continue to accrue
- A Notice of Federal Tax Lien may be filed
- It is not a permanent solution

* If your client's account is placed in a CNC status, encourage them to make voluntary payments as they are able. During a temporary delay, the IRS may regularly review a taxpayer's ability to pay.



How to Avoid Owing Again for 2021

- Increase withholding.
- Make estimated tax payments or federal tax deposits.
- File and pay timely.
- If timely filing cannot happen, request an extension to file.



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Can you?

- Explain how to apply for first time penalty abatement and general penalty abatement
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Hot Topics

Coronavirus Tax Relief
COVID-19
Economic Impact Payment
Gig Economy
Marijuana Industry
Online Account (OLA)
Online Payment Agreements (OPA)
Outreach Connection
Payment Options
Small Business News and Resources
Tax Professional News and Resources
Tax Scams
Unemployment Compensation
Virtual Currency

Search

coronavirus
covid19
eip
gig; gig work
marijuana
view account
opa
outreach connection
pay
small business news
tax pro news
scams
unemployment
bitcoin; virtual currency



Focus Group Opportunities

- Topic 1: Improving the Taxpayer Experience
- Topic 2: Designing a Business Taxpayers Online Account & Envisioning a Form 1099 Filing Platform
- Topic 3: Changes in Partnership Environment & Where's Form 944?
- Topic 4: Improving the Offer in Compromise (OIC) Experience & Gig Economy Worker Tax Compliance
- Topic 5: Passport Program & Virtual Currency Tax Compliance
- Topic 6: Interest Abatement Feedback & Civil Penalties and Reasonable Cause Relief

To sign up or for additional information, please e-mail:
SBSE.Research.IRS.NationwideTaxForum.FocusGroups@irs.gov