



IR-2016-108: IRS Proposes Revised Fees for Installment Agreements

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IRS Proposes Revised Fees for Installment Agreements New Lower Fee Available for Direct Debit Online Payment Agreements; Special Relief Provided to Low-Income Taxpayers

WASHINGTON - The Internal Revenue Service is proposing a revised schedule of user fees that would take effect on Jan. 1, 2017, and apply to any taxpayer who enters into an [installment agreement](#).

The proposal, one of several user fee changes made this year, reflects the law that federal agencies are required to charge a user fee to recover the cost of providing certain services to the public that confer a special benefit to the recipient. Although some installment agreement fees are increasing, the IRS will continue providing reduced-fee or no-cost services to low-income taxpayers.

Installment Agreement Fees

The revised installment agreement fees of up to \$225 would be higher for some taxpayers than those currently in effect, which can be up to \$120. However, under the revised schedule any affected taxpayer could qualify for a reduced fee by making their request online using the [Online Payment Agreement](#) application on IRS.gov. Moreover, there would be no change to the current \$43 rate that applies to the approximately one in three taxpayer requests that qualify under low-income guidelines. These guidelines, which change with family size, would enable a family

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of four with total income of around \$60,000 or less to qualify for the lower fee. Also, for the first time, any taxpayer regardless of income would qualify for a new low \$31 rate by requesting an installment agreement online and choosing to pay what they owe through direct debit.

The top rate of \$225 applies to taxpayers who enter into an installment agreement in person, over the phone, by mail or by filing [Form 9465](#) with the IRS. But a taxpayer who establishes an agreement in this manner can substantially cut the fee to just \$107 by choosing to make their monthly payments by direct debit from their bank account.

Alternatively, a taxpayer who chooses to set up an installment agreement using the agency's Online Payment Agreement application will pay a fee of \$149. Similarly, they can cut this amount to just \$31 by also choosing direct debit.

Proposed Fees

Here is the proposed schedule of user fees:

Regular installment agreement: \$225

Regular direct debit installment agreement: \$107

Online payment agreement: \$149

Direct debit online payment agreement: \$31

Restructured or reinstated installment agreement: \$89

Low-income rate: \$43

Further details on these proposed changes can be found in proposed regulations (REG-108792-16), now available in the Federal Register. The IRS welcomes comment on these changes, and a public hearing on the regulations will take place in Washington, D.C. See the proposed regulations for details on submitting comments.

By law, federal agencies are required to charge a user fee to recover the cost of providing certain services to the public that confer a special benefit to the recipient. Installment agreements are an example of a service that confers a special benefit to eligible taxpayers. Agencies must review these fees every two years to determine whether they are recovering the costs of

providing these services.

In the past, the IRS often charged less than the full cost for many services in an effort to make them accessible to a broader range of taxpayers. But given current constraints on agency resources, the IRS can no longer continue this practice in most cases.

Nevertheless, the IRS intends to continue providing reduced-fee or no-cost services to low-income taxpayers. For that reason, the IRS will continue subsidizing part of the cost of providing installment agreements to low-income taxpayers.

More information about the [IRS User Fee Program](#) is available on IRS.gov.

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