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## IR-2016-58: Tax Time Guide: Easy Electronic Payment and Payment Agreement Options Available to People Who Owe Tax

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IRS Newswire

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## Tax Time Guide: Easy Electronic Payment and Payment Agreement Options Available to People Who Owe Tax

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WASHINGTON — The Internal Revenue Service today reminded taxpayers that it's easier than ever to pay their taxes electronically, and for those who can't pay on time, quick and easy solutions are available.

This is the seventh in a series of 10 IRS tips called the Tax Time Guide. These tips are designed to help taxpayers navigate common tax issues as the tax deadline approaches.

Taxpayers who owe taxes can now choose among several quick and easy electronic payment options, including the following:

- [Electronic funds withdrawal](#) allows taxpayers to E-file and pay from their bank account when using tax preparation software or a tax professional. EFW is only available when e-filing.
- [Direct Pay](#). Available at [IRS.gov/directpay](https://www.irs.gov/directpay), this free

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online tool allows individuals to securely pay their income tax directly from checking or savings accounts without any fees or pre-registration. Payments can be made 24 hours a day and scheduled up to 30 days in advance. Any taxpayer who uses the tool receives instant confirmation that their payment was submitted. Direct Pay has successfully processed more than 10 million payments totaling over \$30 billion since its debut in 2014.

- [Credit or debit card](#). Taxpayers can pay online, by phone or using their mobile device through any of the authorized debit and credit card processors. A convenience fee is charged by the processor. The IRS doesn't receive or charge any fees for payments made with a debit or credit card. Go to [www.irs.gov/Payments](http://www.irs.gov/Payments) for authorized card processors and their phone numbers.
- [IRS2Go](#). The IRS2Go mobile app is free and offers taxpayers the option to make a payment with Direct Pay, or by debit or credit card through an approved payment processor for a fee.
- Electronic Federal Tax Payment System. This free service gives taxpayers a safe and convenient way to pay individual and business taxes by phone or online. To enroll or for more information, call 800-316-6541 or visit [www.eftps.gov](http://www.eftps.gov).
- [Cash](#). Taxpayers without bank accounts or if cash is their only option can pay using the new PayNearMe option. Payments are limited to \$1,000 per day, and a \$3.99 fee applies to each payment. Because PayNearMe involves a three-step process, the IRS urges taxpayers choosing this option to start the process well ahead of the tax deadline to avoid interest and penalty charges. The IRS offers this option in cooperation with OfficialPayments.com/fed and participating 7-Eleven stores in 34 states. Details, including answers to frequently-asked questions, are at [irs.gov/paywithcash](http://irs.gov/paywithcash).

An automatic extension of time to file will be automatically processed for those taxpayers who choose to pay all or part of their taxes electronically by the April due date. An extension of time to file is not an extension to pay. Taxes are still due by the original due date. Taxpayers can get an automatic extension when making a payment with Direct Pay, Electronic Federal Tax Payment System or by debit or credit card and select Form 4868 as the payment type.

Taxpayers who choose to pay by check or money order should make the payment out to the "United States Treasury." Also, print on the front of the check or money order: "2015 Form 1040"; name; address; daytime phone number; and Social Security number.

To help ensure that the payment is credited promptly, also enclose a [Form 1040-V](#) payment voucher.

The IRS advises taxpayers to file either a regular income tax return or a request for a tax-filing extension by this year's April 18 deadline (April 19 for residents of Maine and Massachusetts) to avoid late-filing penalties. This penalty can be ten times as costly as the penalty for paying late.

Taxpayers who owe, but can't pay the balance in full, do have options. Often, they qualify for one of several relief programs, including the following:

- Most people can set up a payment agreement with the IRS online in a matter of minutes. Those who owe \$50,000 or less in combined tax, penalties and interest can use the [Online Payment Agreement](#) to set up a monthly payment agreement for up to 72 months. Taxpayers can choose this option even if they have not yet received a bill or notice from the IRS. With the Online Payment Agreement, no paperwork is required, there is no need to call, write or visit the IRS and qualified taxpayers can avoid the filing of a Notice of Federal Tax Lien if one was not previously filed. Alternatively, taxpayers can request a payment agreement by filing [Form 9465](#). This form can be downloaded from IRS.gov and mailed along with a tax return, bill or notice.
- Some struggling taxpayers may qualify for an [offer-in-compromise](#). This is an agreement between a taxpayer and the IRS that settles the taxpayer's tax liabilities for less than the full amount owed. The IRS looks at the taxpayer's income and assets to make a determination regarding the taxpayer's ability to pay. To help determine eligibility, use the [Offer in Compromise Pre-Qualifier](#), a free online tool available on IRS.gov. Details on all filing and payment options are on [IRS.gov](#).

Other tips in the Tax Time Guide series are available on IRS.gov.

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