

Read This if you Need More Time to Pay Your Taxes

Taxpayers who owe taxes may be relieved to know that there are some options for those who owe and can't afford to pay the full amount right away. Here are the top 10 things the IRS wants you to know if you need more time to pay your taxes.

1. Taxpayers who are unable to pay all taxes due are encouraged to pay as much as possible. By paying as much as possible now, the amount of interest and penalties owed will be less.
2. Based on the circumstances, a taxpayer could qualify for an extension of time to pay, an installment agreement, temporary delay or an Offer in Compromise.
3. If you cannot pay the full amount, taxpayers should immediately call the number or write to the address on the bill they receive.
4. You may want to consider financing the full payment of your tax liability through a loan. The interest rate and fees charged by a bank or credit card company are usually lower than interest and penalties imposed by the Internal Revenue Code.
5. If you cannot pay in full immediately, you may qualify for a short amount of additional time, up to 120 days, to pay in full. No fee is charged for this type of payment arrangement and this option may minimize the amount of penalties and interest you incur.
6. You may also want to consider an installment agreement. This arrangement allows you to make monthly payments after a one-time fee of \$105 is paid. If you choose to pay through a Direct Debit from your bank account, the fee is reduced to \$52. Lower-income taxpayers may qualify for a reduced fee of \$43.
7. To apply for an installment agreement you can use the Online Payment Agreement application available on the IRS website; file a Form 9465, Installment Agreement Request; or call the IRS at the telephone number shown on your bill.
8. In some cases, a taxpayer may qualify for an offer in compromise, an agreement between the taxpayer and the IRS that settles the taxpayer's tax liabilities for less than the full amount owed. Generally, an offer will not be accepted if the IRS believes that the liability can be paid in full as a lump sum or through a payment agreement.
9. Even if you set up an installment agreement, the IRS may still file a Notice of Federal Tax Lien to secure the government's interest until you make the final payment.
10. It is important to respond to an IRS notice. If you do not pay your tax liability in full or make an alternative payment arrangement, the IRS is entitled to take collection action. More information on the collection process is available at <http://www.irs.gov>.