



Frequently Asked Tax Questions And Answers

Keyword: Installment Agreement/Payment Plan

1.5 IRS Procedures: Collection Procedural Questions

I am unable to pay my delinquent taxes. Will the IRS accept an Offer in Compromise?

You may qualify for an Offer in Compromise if you are unable to pay your taxes in full or if you are facing severe or unusual economic hardship. Refer to [Tax Topic 204](#), *Offers in Compromise*, for additional information.

References:

- [Tax Topic 204](#), *Offers in Compromise*
- [Form 656](#) (PDF) *Offer in Compromise*
- *Additional topics* [Offer in Compromise](#)

Can I make installment payments on the amount I owe?

Yes. If you cannot pay the full amount due as shown on your return, you can ask to make monthly installment payments. However, you will be charged a one time user fee of \$105.00, as well as interest on any tax not paid by its due date, and you can be charged a late payment penalty unless you can show reasonable cause for not paying the tax by the due date (April 17, 2007 for individual income tax returns) even if your request to pay in installments is granted. Before requesting an installment agreement, you should consider less costly alternatives such as a bank loan.

To request an installment agreement send [Form 9465](#) (PDF), *Installment Agreement Request*, with your return or call (800) 829-1040. You should receive a response within 30 days. For more details on installment payments, refer to [Tax Topic 202](#), *What to do if You Can't Pay Your Tax*, or [Publication 594](#) (PDF), *Understanding the Collection Process*.

References:

- [Publication 594](#) (PDF), *Understanding the Collection Process*
- [Form 9465](#) (PDF), *Installment Agreement Request*
- [Tax Topic 202](#), *What to do if You Can't Pay Your Tax*

1.12 IRS Procedures: Refund Inquiries

Can a person receive a tax refund if they are currently in a payment plan for prior year's federal taxes?

As a condition of your agreement, any refund due you in a future year will be applied against the amount you owe. Therefore, you may not get all of your refund if you owe certain past-due amounts, such as federal tax, state tax, a student loan, or child support. The IRS will automatically apply the refund to the taxes owed. If the refund does not take care of the tax debt; you must continue the installment agreement.

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