CPA Practice **Advisor**

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Feb. 15, 2019

As the 2019 tax filing season gets into full swing, some taxpayers are facing a surprise tax bill instead of a refund. For those who are unprepared, the Internal Revenue Service offers several payment options.

The IRS anticipates that most taxpayers will be affected by major tax law changes. While most will get a tax refund, others may find that they owe taxes, many of whom may qualify for a waiver of the estimated tax penalty that normally applies. See Form 2210, Underpayment of Estimated Tax by Individuals, Estates and Trusts, and its instructions for details.

"The IRS understands there were many changes that affected people last year, and the new penalty waiver will help taxpayers who inadvertently had too little tax withheld," said IRS Commissioner Chuck Rettig. "We encourage people to check their withholding again this year to make sure they have the right amount of tax withheld for 2019."

The IRS urges people with a filing requirement and a balance due to file by the April 15 deadline even if they cannot pay in full. Taxpayers in this situation should pay what they can and consider a payment plan for the remaining balance.

Taxpayers who owe taxes can choose among the following payment options:

- IRS Direct Pay allows payment directly from a checking or savings account. This service is free.
- Electronic Federal Tax Payment System, or EFTPS. Pay by phone or online. This service is free.

• Debit or credit card payment. This service is free, but the processing company may

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- Online Payment Agreement Individuals who owe \$50,000 or less in combined income tax, penalties and interest and businesses that owe \$25,000 or less in payroll tax and have filed all tax returns may qualify for an Online Payment Agreement. Most taxpayers qualify for this option, and an agreement can usually be set up in a matter of minutes. Online applications to establish tax payment plans, like online payment agreements and installment agreements, are available Monday Friday, 6 a.m. to 12:30 a.m.; Saturday, 6 a.m. to 10 p.m.; Sunday, 6 p.m. to midnight. All times are Eastern time.
- Installment Agreement Installment agreements paid by direct deposit from a bank account or a payroll deduction will help taxpayers avoid default on their agreements. It also reduces the burden of mailing payments and saves postage costs. Even taxpayers who don't qualify for a payment agreement may still pay by installment. Certain fees apply.
- Delaying Collection If the IRS determines a taxpayer is unable to pay, it may delay collection until the taxpayer's financial condition improves.
- Offer in Compromise Certain taxpayers qualify to settle their tax bill for less than the amount they owe by submitting an offer in compromise. To help determine eligibility, use the Offer in Compromise Pre-Qualifier tool.

In addition, taxpayers can consider other options for payment, including getting a loan to pay the amount due. In many cases, loan costs may be lower than the combination of interest and penalties the IRS must charge under federal law.

Check tax withholding

The IRS urges all taxpayers to check their withholding for 2019, especially those who made withholding adjustments in 2018 or had a major life change. Those most at risk of having too little tax withheld from their pay include taxpayers who itemized in the past but now take the increased standard deduction as well as two-wage-earner households, employees with non-wage sources of income, and those with complex

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The IRS urges taxpayers to take advantage of the many tools and other resources available on IRS.gov. Taxpayers have a variety of options to get help filing and preparing their tax returns on IRS.gov, the official IRS website. Taxpayers can also find answers to their tax questions and resolve tax issues online. The Let Us Help You page answers most tax questions, and Publication 5136, IRS Services Guide, links to these and other IRS services.

Taxpayers can go to IRS.gov/account to securely access information about their federal tax account. They can view the amount they owe, pay online or set up an online payment agreement; access their tax records online; review the past 18 months of payment history; and view key tax return information for the current year as filed. Visit IRS.gov/secureaccess to review the required identity authentication process.

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