

# Can't pay the tax you owe?



If you believe you may have trouble paying your tax bill:

## DO

- File a tax return on time to avoid penalties and interest
- Pay what you can by April 17<sup>th</sup>
- Contact the IRS at 800-829-1040. They can help.

## DON'T

- Be afraid
- Panic
- Delay

The Internal Revenue Service recognizes that many people may be having difficult times financially. There can be a tax impact to events such as job loss, debt forgiveness or tapping a retirement fund. IRS can help you in meeting your tax obligations.

## File your tax return and pay what you can on time

If you cannot pay the full amount of taxes you owe, don't panic. Even though penalties and interest add up if you don't file and pay on time, you can avoid or limit these charges by filing on time, by April 17. You should also pay as much as you can by the April 17 deadline because failure-to-pay penalties and interest are due on any unpaid balance and increase the amount you owe.

Taxpayers who owe but can't pay in full have several options for meeting their tax obligations. For example, you can use the [Online Payment Agreement](#) application on IRS.gov if you owe \$25,000 or less in combined tax, penalties and interest to request an installment agreement and be immediately notified if the request is approved. An installment agreement allows you to make payments over time rather than paying in one lump sum. If you owe more than \$25,000 you may still qualify for an installment agreement, but you will need to complete a [Collection Information Statement, Form 433F](#). Otherwise, contact the IRS to discuss your payment options at 1-800-829-1040. The agency may be able to provide some relief such as a short-term extension to pay, an installment agreement or an offer in compromise. Additionally, taxpayers who can't meet the filing deadline can request an extension of time to file. However, an extension of time to file is not an extension of time to pay.

Keep in mind, if your income decreased, you may be newly eligible for certain tax credits, such as the Earned Income Tax Credit. If you earned less than \$49,078 in 2011, you may qualify for up to \$5,751. So check it out. Eligibility for EITC depends on your earned income and family size, among other tests. However, single people and childless workers are also eligible. If you qualify, you must file and claim the credit to get it. The online [EITC Assistant](#) can help you quickly determine your eligibility.

## Electronic Payment Options

IRS offers various electronic payment options to make it as easy as possible to make a full or partial payment with your tax return. You can make payments online, by phone using a credit or debit card, or through the Electronic Federal Tax Payment System. Taxpayers who e-file their return may use the electronic funds withdrawal option for submitting an electronic payment. And you can e-file before April 17 but schedule your payment for withdrawal on April 17.

For more information about filing and paying taxes, visit IRS.gov and choose [1040 Central](#) or refer to the [Form 1040 Instructions](#) or IRS [Publication 17](#), Your Federal Income Tax. Taxpayers can download forms and publications from IRS.gov or request a free copy by calling toll free 800-TAX-FORM (800-829-3676).

**Internal Revenue Service**