

## **Payment Options**

You can pay the amount of taxes you owe by sending a check in the mail to the IRS, or on the IRS website with your debit or credit card or by transferring the money directly from your bank account (direct deposit). If you don't have the money to meet your tax obligation, you have options.

### **Option 1:** Sign up for a payment plan with the IRS.

By setting up a payment plan on the IRS website, you can pay monthly installments of the taxes you owe as long as the entire balance is paid off within 6 years. If you decide to pursue this option, make sure you allot money for interest and penalties when calculating how much you plan to pay each month.

### **Option 2:** Request a temporary delay in the collection process

If you are facing financial hardship and cannot pay any portion of your tax debt, you can call the IRS and request a delay of the payment date. The IRS will report your account currently not collectible and temporarily delay collection until your financial condition improves. This does not mean the debt goes away, it means the IRS has determined you cannot afford to pay at this time. Note that interest and penalties will be added on to your debt until you pay the full amount.

### **Option 3:** Submit an Offer in Compromise

If you can't pay your full tax liability, an offer in compromise allows you to settle your tax debt for less than the full amount you owe. The IRS generally approves an offer in compromise when the amount you offer represents the most the IRS can expect to collect within a reasonable period of time. The IRS recommends exploring all other payment options before you submit an offer in compromise.

Visit <https://www.irs.gov/payments> to review these options.

A last resort option is to take out a private loan to pay your tax obligation. You'll likely pay more in interest, but a loan could allow you to pay off your tax debt by the deadline and avoid a payment plan and late fees with the IRS. <sup>134</sup>

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<sup>134</sup> William Perez. "How to Pay Taxes." *The Balance*, Sep. 13, 2021. <https://www.thebalance.com/owe-taxes-how-to-pay-the-irs-3974000>