

Law Offices

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February 20, 2012

**Via E-Mail Address: bberschler@presspotterlaw.com**

Barbara I. Berschler, Esquire  
7910 Woodmont Avenue  
Suite 1350  
Bethesda, Maryland 20814

**Re: Proposal for Resolution of Tax Obligations to the State of Maryland**

Dear Barbara:

This letter sets forth two proposals and is sent to you in your capacity as the vice chair of the Business Competitiveness Subcommittee of the Governor's Commission on Small Business.

## *Introduction*

One of the most difficult problems that Maryland tax practitioners regularly face is negotiating a settlement of tax obligations that clients owe to the State of Maryland. All too often, delinquent taxpayers lack the financial wherewithal to meet the terms for repayment that the Comptroller's office requires.

I want to make it clear from the outset, however, that I do not contend that this problem is due to some obdurate refusal by the Comptroller's Office to negotiate in good faith. Rather, I believe that, as my late father might have said, the problem is as broad as it is long.

Specifically, delinquent taxpayers are often willing to negotiate some reasonable compromise of their outstanding taxes. Here, I use the term "reasonable" meaning a repayment of the taxes due on a schedule that reasonably takes into account the taxpayer's financial circumstances. Yet, the Comptroller's Office often cannot accept a compromise that would, in the context of an obligation owed to a private party, be acceptable. The reason is that the Comptroller's Office must take another calculus into account.

If Comptroller's Office accepts all offers to compromise a tax obligation or allow payment in installments that, standing alone, are reasonable, over time "denominated" tax obligations (that is, the obligations as reflected on properly prepared and filed tax returns) would evolve into nothing more than a starting point for a negotiation. The Comptroller's Office, quite properly, is resistant to this sort of outcome.

Recently, the Internal Revenue Service adopted a simplified procedure to establish an installment payment plan. The procedure involves filing a newly created form, Form 9465-FS. The form is designed to be used when a taxpayer's obligations are greater than \$25,000.00 but not more than \$50,000.00, but it can be used by all taxpayers to request an installment agreement. I have attached to this letter copies of Form 9465-FS and the instructions thereto.

An installment agreement under Form 9465-FS has the following characteristics:

- i. The tax obligation at issue must be paid in full, together with interest and penalties, within seventy-two (72) months;
- ii. Interest and penalties continue to accrue on the outstanding amounts due under the installment agreement; and
- iii. Going forward, the taxpayer must be in full compliance with tax filing and payment obligations.

My proposal slightly modifies and adopts the approach taken by the IRS as reflected on Form 9465-FS. In addition, I have also proposed making certain changes to Maryland law pertaining to the interest charged on tax delinquencies. The changes that I suggest to the interest provisions are intended to establish a "carrot and stick" approach that encourages the payment of tax delinquencies.

### ***An Overview of Penalties and Interest Under Current Law***

There are penalties imposed under both under Maryland law and Federal law for failure to file tax returns and failure to pay the taxes shown on those returns.<sup>1</sup> In Maryland, except for cases of fraud, the penalties are generally capped at 10%. ***Maryland Tax-Gen'l Code § 13-701(a)***.

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<sup>1</sup>In this letter, I will only address the penalties on taxes that should be or are shown on the relevant tax returns. Under both the Maryland system and the Federal system, there are taxes for failure to properly pay estimated taxes, but I have not addressed those penalties here.

Under the Federal system, except in cases of fraud, there are two relevant types of penalties:

- i. The failure-to-file penalty, which is 5% for each month the tax return is late, up to a total maximum penalty of 25%; and
- ii. The failure-to-pay penalty, which is 0.5% for each month or part of a month that the tax is not paid in full, up to a maximum of 25%.

Under the Federal system, if both the failure-to-file penalty and the failure-to-pay penalty apply in any month, the 5% failure-to-file penalty is reduced by the failure-to-pay penalty. However, the total penalty due with respect to these two taxes can be as much as 50% if failure to file and a failure to pay penalties apply. *See generally, I.R.C. § 6651.*

If one were to take illustrations of the imposition of penalties under Maryland law versus how they are imposed under Federal law, one would discover that there are cases in which the percentage rate of penalties imposed under Federal law is less than those on comparable Maryland underpayments. However, for the most part, the penalty rate under Maryland law on underpayment tends to be lower than the Federal penalty rate. When it comes to interest on underpayments, however, Maryland's interest provisions are far more onerous than the interest imposed under Federal law.

Under Maryland law, if a person fails to pay a tax on or before the date on which the tax is due, interest is assessed on the unpaid tax from the due date to the date on which the tax is paid. *Maryland Tax-Gen'l Code § 13-601(a)*. Generally speaking, simple interest accrues on the unpaid amount at 13% per annum or 1.0833% for every each month or fraction of a month the tax is unpaid. *Maryland Tax-Gen'l Code § 13-604.*<sup>2</sup>

By comparison, interest rates on Federal tax obligations on individuals are three percentage points over the Federal short-term rate. *See I.R.C. § 6621.*<sup>3</sup> The rates are adjusted quarterly and are

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<sup>2</sup>Maryland Tax-Gen'l Code § 13-601(b) does leave open the possibility that the tax rate could be higher than the 13% annual/1.0833% monthly if the prime rate rises above 10%. Since the current prime rate is 3.25% and the prime rate has not been as high as 10% since the early 1990's, for the purposes of simplicity I will assume that the only possible rate under current law is 13%.

<sup>3</sup>Under I.R.C. § 6621, interest rates on taxes owed by a corporation generally compound at two percent over the Federal short-term rate. For certain large corporate underpayments, the rate is five percent over the Federal short-term rate. *See I.R.C. § 6621(c)(1)*.

currently 3%.<sup>4</sup> All of the Federal rates are compounded daily, while interest on Maryland tax delinquencies is computed on a simple basis. However, because of the wide disparity in the interest rate delinquent taxpayer will almost always pay substantially more interest on Maryland delinquencies than Federal delinquencies.

### *Two Proposals for Change*

As noted at the beginning of this letter, my experience, which seems to be in line with the experience of most other practitioners that I have discussed this with, is that it has been more difficult to obtain an installment agreement to satisfy unpaid Maryland taxes than to obtain a similar agreement under the Federal system. But the Form 9465-FS program is new. We can reasonably expect that once taxpayers become knowledgeable about the simplified procedure that Form 9465-FS offers, the differences in the outcomes under the two systems will become marked.

It would be a relatively simple matter simply to modify Form 9465-FS and make that procedure available to tax delinquencies under Maryland law. I do, in fact, suggest that below. However, in thinking about the issues, I came to believe that there could be a way to marry a Form 9465-FS-type of procedure to a broader change in procedure that provides a benefit to both sides of the table. Taxpayers would benefit by getting a carrot: installment agreements would be easier to enter into and, assuming that they abided by the installment agreements, taxpayers would find that their payments would be less financially burdensome. The State as would benefit as well, since there would be a substantial stick that would engender greater tax compliance. I note, however, that while I have suggested joining these two proposals, the first proposal stands on its own and can be severed from the second proposal.

### *Adopting an Modified Form 9465-FS Procedure*

Initially, I would propose adopting a simplified procedure for obtaining an installment agreement to pay delinquent taxes by adopting a modified Form 9465-FS procedure. Specifically, Maryland would adopt the Form 9465-FS with the following modifications.

First, Form 9465-FS is applicable to tax delinquencies over \$25,000.00. I would propose reducing this threshold for Maryland delinquencies to \$7,500.00.

Second, however, Form 9465-FS allows payments to be stretched over seventy-two (72) months. I would provide that delinquencies of between \$7,500.00 and \$20,000.00 would have to be satisfied within forty-eight (48) months. The seventy-two (72) month provision would apply for

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<sup>4</sup>The current rate for certain large corporate underpayments under I.R.C. 6621(c)(1) is 5%.  
*See footnote 2, supra.*

delinquencies over \$20,000.00, with an appropriate adjustment to assure that there is no incentive for delinquent taxpayers to have their obligations grow beyond the \$20,000.00 threshold.<sup>5</sup>

Third, penalties and, except as modified under the second part of this proposal, interest, would still continue to accrue on the delinquent tax obligations.

As under the Federal Form 9465-FS program, the installment agreement would only remain in effect if the taxpayer complies with all filing and payment obligations going forward. And, as under the Federal Form 9465-FS program, the monthly installment amount would be debited from the taxpayer's banking or checking account. I believe that, as under the Federal system, the imposition of a service charge is appropriate, but I believe that the service charge under the Federal system is somewhat excessive and would suggest that a lower service charge may be in order.

Like the Federal program, the Maryland program that I am proposing would go into effect automatically upon the filing of the appropriate application. In other words, the program removes the inefficiency associated with a review of the taxpayer's finances. This aspect of the program also serves to reduce the transaction costs that are incurred by taxpayers, because many taxpayers will not need to retain tax counsel to guide them through the process. Even taxpayers who chose to employ tax counsel will incur fewer professional fees because the program is extraordinarily simple.

***Adjusting the Interest Rate to Create a Carrot and Stick Incentive.***

To be as blunt as possible, the interest charged on delinquent Maryland taxes is simply excessive given current economic conditions. While I believe that a floating rate calculated in a manner similar to the manner in which interest is calculated for Federal purposes is preferable to the current regime, I will not press that argument here. Rather, I will suggest adjusting the interest in appropriate circumstances to provide incentives to effect payment of delinquent taxes.

First, a delinquent taxpayer would have to enter into an installment agreement under the Maryland "Form 9465-FS" procedure outlined above.

Second, as is the case now, interest would continue to accrue on unpaid tax liabilities with payments made under the installment agreement applied first to accrued interest and then to outstanding tax liabilities.

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<sup>5</sup>In other words, the first \$20,000.00 of the obligation would have to be satisfied over the first forty-eight (48) months and the tax delinquency over \$20,000.00 would have to be satisfied over a period of no less than seventy-two (72) months following the inception of the installment agreement. This would mean that the initial forty-eight (48) months of installments would be greater than those after the forty-eight (48) month period.

Third, however, if the taxpayer honored the installment agreement, the effective tax rate would be reduced to the lower of six and one-half percent (6.5%) or one-half of the interest rate calculated under Maryland Tax-Gen'l Code § 13-604(b)(2).<sup>6</sup> That is, the installment agreement would be considered to be satisfied in full at that point in time when the tax, plus interest that has accrued at the lower of six and one-half percent (6.5%) or one-half of the interest rate calculated under Maryland Tax-Gen'l Code § 13-604(b)(2), has been paid by the taxpayer.

The lower interest rate will only come into effect if the installment plan is honored to its conclusion. If the taxpayer defaulted in the middle of the installment agreement, the lower interest rate would not apply at all and the taxpayer would remain liable for the tax due, plus interest computed at 13%, less the payments that the taxpayer had actually made.

The foregoing proposal has the following benefits:

1. Taxpayers would be encouraged to enter into installment agreements because they would pay a lower rate of interest on their tax delinquencies (that is, there's a carrot); and
2. Delinquent taxpayers have a strong incentive to honor the installment agreement because, if they fail to do so, the carrot will be snatched away and replaced with a significantly higher interest rate and any interest benefit would be lost entirely (that is, there's a stick).

Again, this procedure, like the Maryland Form 9465-FS program outlined above, has the virtue of simplicity and efficiency. I would go into place automatically upon the filing of the appropriate application. Thus, it would not be necessary for the Comptroller's Office to have personnel devoted to reviewing the taxpayer's finances. And, as detailed above, this serves to reduce the transaction costs that are incurred by taxpayers, because taxpayers will either not need to retain tax counsel to guide them through the process or, if they do retain counsel, will incur fewer professional fees because the program is extraordinarily simple.

### ***Conclusion***

I have posted this letter and the attachments on a website (<http://bit.ly/xsCbZe>) and circulated that information on a number of Maryland State Bar Association listserves, requesting comments

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<sup>6</sup>That rate is three (3) percentage points above the average prime rate of interest quoted by commercial banks to large businesses during the State's previous fiscal year, based on determination by the Board of Governors of the Federal Reserve Bank.

**Barbara I. Berschler, Esquire**

**February 20, 2012**


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**Stuart Levine**

on the proposals set forth above. I will attempt to summarize those comments and pass them on to you. I, of course, welcome your comments.

Very truly yours,



Stuart Levine

Attachments (2)

cc: File

# Instructions for Form 9465-FS

(December 2011)

## Installment Agreement Request



Department of the Treasury  
Internal Revenue Service

Section references are to the Internal Revenue Code unless otherwise noted.

### General Instructions

#### Purpose of Form

Use Form 9465-FS to request a monthly installment plan if your liability is greater than \$25,000 but not more than \$50,000 and you cannot pay the full amount you owe shown on your tax return (or on a notice we sent you). Though Form 9465-FS is meant to be used by taxpayers with liabilities greater than \$25,000 but not more than \$50,000, it can be used by all taxpayers to request an installment agreement. Generally, you can have up to 72 months to pay. In certain circumstances, you can have longer to pay or your agreement can be approved for an amount that is less than the amount of tax you owe.

If you use this form you must file it on paper and attach it to the front of your return; mailing it to the address shown in your tax return booklet. If you have already filed your return and you are sending in Form 9465-FS on its own, mail it to the address shown in these instructions for the type of return filed. However, before requesting an installment agreement, you should consider other less costly alternatives, such as getting a bank loan or using available credit on a credit card. If you have any questions about this request, call 1-800-829-1040.

Use Form 9465-FS if you are an individual:

- Who owes income tax on Form 1040,
- Who may be responsible for a Trust Fund Recovery Penalty,
- Who was self-employed and owes self-employment or unemployment taxes and is no longer operating the business,
- Who is personally responsible for a partnership liability and the partnership is no longer operating, or
- Owner who is personally responsible for taxes in the name of a limited liability company (LLC) and the LLC is no longer operating.

Do not use Form 9465-FS if:

- You can pay the full amount you owe within 120 days (see *Can you pay in full within 120 days?*), or
- You want to request an online payment agreement (see *Applying online for a payment agreement*).

**Guaranteed installment agreement.** Your request for an installment agreement cannot be turned down if the tax you owe is not more than \$10,000 and all three of the following apply.

- During the past 5 tax years, you (and your spouse if filing a joint return) have timely filed all income tax returns and paid any income tax due, and have not entered into an installment agreement for payment of income tax.
- The IRS determines that you cannot pay the tax owed in full when it is due and you give the IRS any information needed to make that determination.
- You agree to pay the full amount you owe within 3 years and to comply with the tax laws while the agreement is in effect.



*A Notice of Federal Tax Lien may be filed to protect the government's interests until you pay in full.*

**Can you pay in full within 120 days?** If you can pay the full amount you owe within 120 days, call 1-800-829-1040 to establish your request to pay in full. If you can do this, you can avoid paying the fee to set up an installment agreement. Instead of calling, you can apply online.

**Applying online for a payment agreement.** If your balance due is not more than \$50,000, you can apply online for a payment

agreement instead of filing Form 9465-FS. To do that, go to IRS.gov and click on "More..." under *Tools*.

**Bankruptcy or offer-in-compromise.** If you are in bankruptcy or we have accepted your offer-in-compromise, do not file this form. Instead, call 1-800-829-1040 to get the number of your local IRS Insolvency function for bankruptcy or Technical Support function for offer-in-compromise.

#### How the Installment Agreement Works

We will usually let you know within 30 days after we receive your request whether it is approved or denied. However, if this request is for tax due on a return you filed after March 31, it may take us longer than 30 days to reply. If we approve your request, we will send you a notice detailing the terms of your agreement and requesting a fee of \$105 (\$52 if you make your payments by electronic funds withdrawal). However, you may qualify to pay a reduced fee of \$43 if your income is below a certain level. The IRS will let you know whether you qualify for the reduced fee. If the IRS does not say you qualify for the reduced fee, you can request the reduced fee using Form 13844, Application For Reduced User Fee For Installment Agreements.

You will also be charged interest and may be charged a late payment penalty on any tax not paid by its due date, even if your request to pay in installments is granted. Interest and any applicable penalties will be charged until the balance is paid in full. To limit interest and penalty charges, file your return on time and pay as much of the tax as possible with your return (or notice). All payments received will be applied to your account in the best interests of the United States.

By approving your request, we agree to let you pay the tax you owe in monthly installments instead of immediately paying the amount in full. In return, you agree to make your monthly payments on time. You also agree to meet all your future tax liabilities. This means that you must have enough withholding or estimated tax payments so that your tax liability for future years is paid in full when you timely file your return. Your request for an installment agreement will be denied if all required tax returns have not been filed. Any refund due you in a future year will be applied against the amount you owe. If your refund is applied to your balance, you are still required to make your regular monthly installment payment.

**Payment methods.** You can make your payments by check, money order, credit card, or one of the other payment methods shown next. The fee for each payment method is also shown.

Payment method	Applicable fee
Check, money order, or credit card	\$105
Electronic funds withdrawal	\$ 52
Payroll deduction installment agreement	\$105

For details on how to pay, see your tax return instructions, visit IRS.gov, or call 1-800-829-1040.

After we receive each payment, we will send you a notice showing the remaining amount you owe, and the due date and amount of your next payment. But if you choose to have your payments automatically withdrawn from your checking account, you will not receive a notice. Your bank statement is your record of payment. We will also send you an annual statement showing the amount you owed at the beginning of the year, all payments made during the year, and the amount you owe at the end of the year.



If you do not make your payments on time or do not pay any balance due on a return you file later, you will be in default on your agreement and we may take enforcement actions, such as the filing of a Notice of Federal Tax Lien or an IRS levy action, to collect the entire amount you owe. To ensure that your payments are made timely, you should consider making them by electronic funds withdrawal (see the instructions for lines 11a and 11b, later).

**Requests to modify or terminate an installment agreement.** After an installment agreement is approved, you may submit a request to modify or terminate an installment agreement. This request will not suspend the statute of limitations on collection. While the IRS considers your request to modify or terminate the installment agreement, you must comply with the existing agreement.

**TIP** *An installment agreement may be terminated if you provide materially incomplete or inaccurate information in response to an IRS request for a financial update.*

For additional information on the IRS collection process, see Pub. 594, The IRS Collection Process.

## Where To File

Attach Form 9465-FS to the front of your return and send it to the address shown in your tax return booklet. If you have already filed your return or you are filing this form in response to a notice, file Form 9465-FS by itself with the Internal Revenue Service Center using the address in the table below that applies to you.

**For all taxpayers except those filing Form 1040 with Schedule(s) C, E, or F for any tax year for which this installment agreement is being requested.**

IF you live in . . .	THEN use this address . . .
Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Texas, Virginia	Department of the Treasury Internal Revenue Service P.O. Box 47421 Stop 74 Doraville, GA 30362
Alaska, Arizona, Colorado, Connecticut, Delaware, District of Columbia, Hawaii, Idaho, Illinois, Maine, Maryland, Massachusetts, Montana, Nevada, New Hampshire, New Jersey, New Mexico, North Dakota, Oregon, Rhode Island, South Dakota, Tennessee, Utah, Vermont, Washington, Wisconsin, Wyoming	Department of the Treasury Internal Revenue Service 310 Lowell St. Stop 830 Andover, MA 01810
Arkansas, California, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, New York, Ohio, Oklahoma, Pennsylvania, West Virginia	Department of the Treasury Internal Revenue Service Stop P-4 5000 Kansas City, MO 64999-0250
A foreign country, American Samoa, or Puerto Rico (or are excluding income under Internal Revenue Code section 933), or use an APO or FPO address, or file Form 2555, 2555-EZ, or 4563, or are a dual-status alien or nonpermanent resident of Guam or the Virgin Islands*	Department of the Treasury Internal Revenue Service 3651 South I-H 35, 5501AUSC Austin, TX 78741

\* Permanent residents of Guam or the Virgin Islands cannot use Form 9465-FS.

**For taxpayers filing Form 1040 with Schedule(s) C, E, or F for any tax year for which this installment agreement is being requested.**

IF you live in . . .	THEN use this address . . .
Alabama, Arkansas, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Michigan, Minnesota, Mississippi, Missouri, Nebraska, New Jersey, North Dakota, Ohio, Oklahoma, Pennsylvania, South Dakota, Tennessee, Texas, West Virginia, Wisconsin	Department of the Treasury Internal Revenue Service P.O. Box 69 Stop 811 Memphis, TN 38101-0069
Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, Wyoming	Department of the Treasury Internal Revenue Service P.O. Box 9941 Stop 5500 Ogden, UT 84409
Connecticut, Maine, Massachusetts, New Hampshire, New York, Rhode Island, Vermont	Department of the Treasury Internal Revenue Service P.O. Box 480 Stop 660 Holtsville, NY 11742-0480
Delaware, Florida, Maryland, District of Columbia, North Carolina, South Carolina, Virginia	Department of the Treasury Internal Revenue Service Stop 4-N31.142 Philadelphia, PA 19255-0030
A foreign country, American Samoa, or Puerto Rico (or are excluding income under Internal Revenue Code section 933), or use an APO or FPO address, or file Form 2555, 2555-EZ, or 4563, or are a dual-status alien or nonpermanent resident of Guam or the Virgin Islands*	Department of the Treasury Internal Revenue Service 3651 South I-H 35, 5501AUSC Austin, TX 78741

\* Permanent residents of Guam or the Virgin Islands cannot use Form 9465-FS.

## Specific Instructions

### Part I

#### Line 1a

If you are making this request for a joint tax return, show the names and social security numbers (SSNs) in the same order as on your tax return.

#### Line 2

If you are requesting an installment agreement for a business tax liability, enter the business name and employer identification number on this line.

#### Line 7

Enter the total amount you owe as shown on your tax return(s) (or notice(s)).



**CAUTION** *If the total amount you owe is greater than \$25,000 but not more than \$50,000, you must complete Part II and agree to a Direct Debit Installment Agreement (DDIA) to qualify for an IA without completing a financial statement. If you do not agree to a DDIA, you **must** complete Form 433-F, Collection Information Statement, and mail it with this form.*

*If the amount you owe is greater than \$50,000, you **must** complete Form 433-F and mail it with this form. You can download Form 433-F at [IRS.gov](http://IRS.gov) or order it by calling 1-800-TAX-FORM (1-800-829-3676).*



**TIP** *If the total amount you owe is not more than \$50,000 (including any amounts you owe from prior years), you do not need to file Form 9465-FS; you can request an installment agreement online. For more information see Applying online for a payment agreement, earlier.*

## Line 8

Even if you cannot pay the full amount you owe now, you should pay as much as possible to limit penalty and interest charges. If you are filing this form with your tax return, make the payment with your return. For details on how to pay, see your tax return instructions.

If you are filing this form by itself, such as in response to a notice, attach a check or money order payable to the "United States Treasury." Do not send cash. Be sure to include:

- Your name, address, SSN/EIN, and daytime phone number.
- The tax year and tax return (for example, "2009 Form 1040") for which you are making this request.

## Line 9

Enter on line 9 the amount you can pay each month. Make your payments as large as possible to limit interest and penalty charges. The charges will continue until you pay in full. If a payment amount is not shown on line 9, one will be determined for you by dividing the balance due by 72 months.

## Line 10

You can choose the day of each month your payment is due. This can be on or after the 1st of the month, but no later than the 28th of the month. For example, if your rent or mortgage payment is due on the 1st of the month, you may want to make your installment payments on the 15th. When we approve your request, we will tell you the month and day that your first payment is due.

If we have not replied by the date you chose for your first payment, you can send the first payment to the Internal Revenue Service Center at the address shown earlier that applies to you. See the instructions for line 8 above for details on what to write on your payment.

## Lines 11a and 11b

**TIP** Making your payments by electronic funds withdrawal will help ensure that your payments are made timely and that you are not in default of this agreement.

To pay by electronic funds withdrawal from your checking account at a bank or other financial institution (such as mutual fund, brokerage firm, or credit union), fill in lines 11a and 11b. Check with your financial institution to make sure that an electronic funds withdrawal is allowed and to get the correct routing and account numbers.

**CAUTION** If the total amount you owe is greater than \$25,000 but not more than \$50,000, you must agree to a Direct Debit Installment Agreement (DDIA) to qualify for an IA without completing a financial statement. If you do not agree to a DDIA, you must complete Form 433-F, Collection Information Statement, and mail it with this form.

**Line 11a.** The routing number must be nine digits. The first two digits of the routing number must be 01 through 12 or 21 through 32. Use a check to verify the routing number. On the sample check on this page, the routing number is 250250025. But if your check is payable through a financial institution different from the one at which you have your checking account, do not use the routing number on that check. Instead, contact your financial institution for the correct routing number.

**Line 11b.** The account number can be up to 17 characters (both numbers and letters). Include hyphens but omit spaces and special symbols. Enter the number from left to right and leave any unused boxes blank. On the sample check below, the account number is 20202086. Do not include the check number.

**Note.** We may have filed a notice of federal tax lien against your property. If so, you may be able to get the notice of lien withdrawn. To learn more about lien withdrawals and to see if you qualify, visit [IRS.gov](http://IRS.gov) and enter "lien withdrawal" in the search box.

**TIP** The electronic funds withdrawal from your checking account will not be approved unless you (and your spouse if filing a joint return) sign Form 9465-FS.

## Sample Check—Lines 11a and 11b

Paul Maple  
Roberta Maple  
123 Pear Lane  
Anyplace, VA 20000

SAMPLE

1234  
15-00000000

PAY TO THE ORDER OF \$ [ ] DOLLARS

ANYPLACE BANK  
Anyplace, VA 20000

For

Routing number (line 11a): 250250025  
Account number (line 11b): 20202086

Do not include the check number.

**TIP** The routing and account numbers may be in different places on your check.

## Part II

### Lines 12—24

Complete Part II only if your balance due is greater than \$25,000 but not more than \$50,000.

**Privacy Act and Paperwork Reduction Act Notice.** Our legal right to ask for the information on this form is sections 6001, 6011, 6012(a), 6109, and 6159 and their regulations. We will use the information to process your request for an installment agreement. The reason we need your name and social security number is to secure proper identification. We require this information to gain access to the tax information in our files and properly respond to your request. You are not required to request an installment agreement. If you do request an installment agreement, you are required to provide the information requested on this form. Failure to provide this information may prevent processing your request; providing false information may subject you to fines or penalties.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103. However, we may give this information to the Department of Justice for civil and criminal litigation, and to cities, states, the District of Columbia, and U.S. commonwealths and possessions to carry out their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

The average time and expenses required to complete and file this form will vary depending on individual circumstances. For the estimated averages, see the instructions for your income tax return.

If you have suggestions for making this form simpler, we would be happy to hear from you. See the instructions for your income tax return.

▶ **If your balance due is greater than \$25,000 but not more than \$50,000, complete Parts I and II.**  
▶ **If you are filing this form with your tax return, attach it to the front of the return.**  
▶ **See separate instructions.**

**Caution:** Do not file this form if you are currently making payments on an installment agreement or can pay your balance in full within 120 days. Instead, call 1-800-829-1040. If you are in bankruptcy or we have accepted your offer-in-compromise, see **Bankruptcy or offer-in-compromise** in the instructions.

**Note.** If you are filing Form 9465-FS to request an installment agreement for a business tax liability and the business is no longer a functioning enterprise, complete line 2 in addition to 1a.

This request is for Form(s) (for example, Form 1040 or Form 941) ▶ and for tax year(s) (for example, 2010 and 2011) ▶

**Part I General Information**

<b>1a</b> Your first name and initial	Last name	Your social security number
If a joint return, spouse's first name and initial	Last name	Spouse's social security number
Current address (number and street). If you have a P.O. box and no home delivery, enter your box number.		Apt. number
City, town or post office, state, and ZIP code. If a foreign address, enter city, province or state, and country. Follow the country's practice for entering the postal code.		

**b** If this address is new since you filed your last tax return, check here

<b>2</b> Business name	Employer Identification Number
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<b>3</b> Your phone number _____ Best time for us to call _____	<b>4</b> Your work phone number _____ Ext. _____ Best time for us to call _____
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<b>5</b> Name of your bank or other financial institution: Address _____ City, state, and ZIP code _____	<b>6</b> Your employer's name: Address _____ City, state, and ZIP code _____
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<b>7</b> Enter the total amount you owe as shown on your tax return(s) (or notice(s)) . . . . . <b>Note.</b> If the amount on line 7 is greater than \$25,000 but not more than \$50,000, you <b>must</b> complete line 11 and Part II on page 2. See instructions.	<b>7</b>
<b>8</b> Enter the amount of any payment you are making with your tax return(s) (or notice(s)). See instructions	<b>8</b>
<b>9</b> Enter the amount you can pay each month. <b>Make your payments as large as possible to limit interest and penalty charges.</b> The charges will continue until you pay in full. If a payment amount is not listed on line 9, one will be determined for you by dividing the balance due by 72 months . . . . .	<b>9</b>

**10** Enter the date you want to make your payment each month. **Do not** enter a date later than the 28th ▶

**11** If you want to make your payments by electronic funds withdrawal from your checking account, see the instructions and fill in lines 11a and 11b. This is the most convenient way to make your payments and it will ensure that they are made on time.

- ▶ **a** Routing number
- ▶ **b** Account number

I authorize the U.S. Treasury and its designated Financial Agent to initiate a monthly ACH debit (electronic withdrawal) entry to the financial institution account indicated for payments of my Federal taxes owed, and the financial institution to debit the entry to this account. This authorization is to remain in full force and effect until I notify the U.S. Treasury Financial Agent to terminate the authorization. To revoke payment, I must contact the U.S. Treasury Financial Agent at **1-800-829-1040** no later than 14 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payments of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payments.

Your signature	Date	Spouse's signature. If a joint return, <b>both</b> must sign.	Date
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**Part II Additional information.** Complete this part only if your answer on line 7 is greater than \$25,000 but not more than \$50,000.

**12** In which county is your primary residence? \_\_\_\_\_

**13a** Marital status:  
 Single. Skip question 13a and go to question 14.  
 Married. Go to question 13b.

**b** Do you share household expenses with your spouse?  
 Yes.  
 No.

**14** How many dependents will you be able to claim on this year's tax return? . . . . . **14** \_\_\_\_\_

**15** How many people in your household are 65 or older? . . . . . **15** \_\_\_\_\_

**16** How often are you paid?  
 Once a week.  
 Once every two weeks.  
 Once a month.  
 Twice a month.

**17** What is your net income per pay period (take home pay)? . . . . . **17** \$ \_\_\_\_\_

**18** How often is your spouse paid?  
 Once a week.  
 Once every two weeks.  
 Once a month.  
 Twice a month.

**19** What is your spouse's net income per pay period (take home pay)? . . . . . **19** \$ \_\_\_\_\_

**20** How many vehicles do you own? . . . . . **20** \_\_\_\_\_

**21** How many car payments do you have each month? . . . . . **21** \_\_\_\_\_

**22a** Do you have health insurance?  
 Yes. Go to question 22b.  
 No. Skip question 22b and go to question 23a.

**b** Are your premiums deducted from your paycheck?  
 Yes. Skip question 22c and go to question 23a.  
 No. Go to question 22c.

**c** How much are your monthly premiums? . . . . . **22c** \$ \_\_\_\_\_

**23a** Do you make court-ordered payments?  
 Yes. Go to question 23b.  
 No. Go to question 24.

**b** Are your court-ordered payments deducted from your paycheck?  
 Yes. Go to question 24.  
 No. Go to question 23c.

**c** How much are your court-ordered payments each month? . . . . . **23c** \$ \_\_\_\_\_

**24** Not including any court-ordered payments for child and dependent support, how much do you pay for child or dependent care each month? . . . . . **24** \$ \_\_\_\_\_

# Installment Agreement Request

(December 2011)

▶ **If your balance due is greater than \$25,000 but not more than \$50,000, complete Parts I and II.**

OMB No. 1545-0074

Department of the Treasury  
Internal Revenue Service

▶ **If you are filing this form with your tax return, attach it to the front of the return.**

▶ **See separate instructions.**

**Caution:** Do not file this form if you are currently making payments on an installment agreement or can pay your balance in full within 120 days. Instead, call 1-800-829-1040. If you are in bankruptcy or we have accepted your offer-in-compromise, see **Bankruptcy or offer-in-compromise** in the instructions.

**Note.** If you are filing Form 9465-FS to request an installment agreement for a business tax liability and the business is no longer a functioning enterprise, complete line 2 in addition to 1a.

This request is for Form(s) (for example, Form 1040 or Form 941) ▶

and for tax year(s) (for example, 2010 and 2011) ▶

## Part I General Information

<b>1a</b> Your first name and initial	Last name	Your social security number
If a joint return, spouse's first name and initial	Last name	Spouse's social security number
Current address (number and street). If you have a P.O. box and no home delivery, enter your box number.		Apt. number
City, town or post office, state, and ZIP code. If a foreign address, enter city, province or state, and country. Follow the country's practice for entering the postal code.		

**b** If this address is new since you filed your last tax return, check here . . . . . ▶

<b>2</b> Business name	Employer Identification Number
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<b>3</b> Your phone number Best time for us to call	<b>4</b> Your work phone number Ext. Best time for us to call
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<b>5</b> Name of your bank or other financial institution: Address City, state, and ZIP code	<b>6</b> Your employer's name: Address City, state, and ZIP code
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<b>7</b> Enter the total amount you owe as shown on your tax return(s) (or notice(s)) . . . . . <b>Note.</b> If the amount on line 7 is greater than \$25,000 but not more than \$50,000, you <b>must</b> complete line 11 and Part II on page 2. See instructions.	<b>7</b>	
<b>8</b> Enter the amount of any payment you are making with your tax return(s) (or notice(s)). See instructions	<b>8</b>	
<b>9</b> Enter the amount you can pay each month. <b>Make your payments as large as possible to limit interest and penalty charges.</b> The charges will continue until you pay in full. If a payment amount is not listed on line 9, one will be determined for you by dividing the balance due by 72 months . . . . .	<b>9</b>	

**10** Enter the date you want to make your payment each month. **Do not** enter a date later than the 28th ▶

**11** If you want to make your payments by electronic funds withdrawal from your checking account, see the instructions and fill in lines 11a and 11b. This is the most convenient way to make your payments and it will ensure that they are made on time.

▶ **a** Routing number

▶ **b** Account number

I authorize the U.S. Treasury and its designated Financial Agent to initiate a monthly ACH debit (electronic withdrawal) entry to the financial institution account indicated for payments of my Federal taxes owed, and the financial institution to debit the entry to this account. This authorization is to remain in full force and effect until I notify the U.S. Treasury Financial Agent to terminate the authorization. To revoke payment, I must contact the U.S. Treasury Financial Agent at **1-800-829-1040** no later than 14 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payments of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payments.

Your signature	Date	Spouse's signature. If a joint return, <b>both</b> must sign.	Date
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**Part II Additional information.** Complete this part only if your answer on line 7 is greater than \$25,000 but not more than \$50,000.

**12** In which county is your primary residence? \_\_\_\_\_

**13a** Marital status:  
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 Married. Go to question 13b.

**b** Do you share household expenses with your spouse?  
 Yes.  
 No.

**14** How many dependents will you be able to claim on this year's tax return? . . . . . **14** \_\_\_\_\_

**15** How many people in your household are 65 or older? . . . . . **15** \_\_\_\_\_

**16** How often are you paid?  
 Once a week.  
 Once every two weeks.  
 Once a month.  
 Twice a month.

**17** What is your net income per pay period (take home pay)? . . . . . **17** \$ \_\_\_\_\_

**18** How often is your spouse paid?  
 Once a week.  
 Once every two weeks.  
 Once a month.  
 Twice a month.

**19** What is your spouse's net income per pay period (take home pay)? . . . . . **19** \$ \_\_\_\_\_

**20** How many vehicles do you own? . . . . . **20** \_\_\_\_\_

**21** How many car payments do you have each month? . . . . . **21** \_\_\_\_\_

**22a** Do you have health insurance?  
 Yes. Go to question 22b.  
 No. Skip question 22b and go to question 23a.

**b** Are your premiums deducted from your paycheck?  
 Yes. Skip question 22c and go to question 23a.  
 No. Go to question 22c.

**c** How much are your monthly premiums? . . . . . **22c** \$ \_\_\_\_\_

**23a** Do you make court-ordered payments?  
 Yes. Go to question 23b.  
 No. Go to question 24.

**b** Are your court-ordered payments deducted from your paycheck?  
 Yes. Go to question 24.  
 No. Go to question 23c.

**c** How much are your court-ordered payments each month? . . . . . **23c** \$ \_\_\_\_\_

**24** Not including any court-ordered payments for child and dependent support, how much do you pay for child or dependent care each month? . . . . . **24** \$ \_\_\_\_\_