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IDRS
CORRESPONDEX
Internal
Revenue
Service

Title: Installment Agreement Accepted; Terms Explained

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- | | IMF/BMF

Letters Considered in Revision:

A Social security number: []
B Employer identification
B number: []
C Forms: [] []
D Tax periods: [] [] []
D [] [] []
D [] [] []
D [] [] []
D [] [] []

Dear []

E Thank you for your [] dated [],
E requesting an installment agreement to resolve your account balance.

F Thank you for your [] dated [],
F requesting an installment agreement to resolve your account balance.

F We also received your payment of \$[].

G Thank you for your Form [] dated [], requesting an
G installment agreement to resolve your account balance.

H This letter responds to our conversation on [], when you
H asked about ways to resolve your account balance.

I This letter responds to an inquiry of [], on your behalf
I from []

I We have no record that you authorized [] to act for you. Please
I notify [] that we replied directly to you. If you
I want to authorize a third party to represent you, complete Form 2848,
I Power of Attorney and Declaration of Representative. If you want to
I give us permission to release your confidential tax information to a
I third party, complete Form 8821, Tax Information Authorization. For
I more information about these forms, visit our website at www.irs.gov

I or call the telephone number at the end of this letter.

I

J Based on your proposal, we established your installment agreement for
J \$[]. Your payment is due on the [] of each month,
J beginning on [].

J

K We set up your installment agreement for the tax periods listed at the
K top of this letter based on your financial situation. You agreed to
K make an initial payment of \$[], due on [].
K Your monthly payment will be \$[], due on the [] of each
K month, beginning on []. If we don't receive your initial
K payment by the due date, we will cancel your agreement.

K

L We [] your installment agreement for the tax
L periods listed at the top of this letter. Your monthly payment of
L \$[] is due on the [] of each month, beginning on
L [].

L

M As you requested, we revised your current agreement to allow you to
M make your payments by check or money order. We cancelled your direct
M debit installment agreement. You'll need to mail your payment of
M \$[], due on the [] of each month beginning on
M [].

M

N Under the terms of your installment agreement, your payment will
N change to \$[] on [], and will continue at this
N amount for each month until you pay the balance in full or your
N financial situation changes.

N

O Under the terms of your installment agreement, your payment will
O change to \$[] on [] and continue at this
O amount until the next change. Your payment will change again to
O \$[] on [] and continue at this amount for each
O month until you pay the balance in full or your financial situation
O changes.

O

P In addition to your installment payment for past due taxes, you must
P send us [] estimated payments of \$[] for
P current year taxes. Mail estimated payments with Form 1040-ES,
P Estimated Tax for Individuals, to:

P

P Internal Revenue Service

P []

P

WHAT YOU NEED TO KNOW ABOUT YOUR INSTALLMENT AGREEMENT

Q Your installment agreement includes all balances due that you are
Q liable for. This may include taxes you owe on other accounts where:

Q

Q - You filed as a secondary taxpayer on another account for a
Q jointly filed return.

Q

Q - You are an individual and you operate a business as a sole
Q proprietor.

Q

Q - You requested an installment agreement for your business where
Q you operate as a sole proprietor, but also have tax due for your
Q individual income tax account, Form 1040.

Q

Q We included in your agreement the tax you owe for taxpayer
Q identification number [] for the tax periods listed below.
Q We will include these amounts in your monthly reminder notices.

Q	Form	Tax Period	Form	Tax Period
Q	[]	[]	[]	[]
Q	[]	[]	[]	[]
Q	[]	[]	[]	[]
Q	[]	[]	[]	[]
Q	[]	[]	[]	[]
Q	[]	[]	[]	[]

R Your balance due for the tax periods listed above, which includes
R penalty and interest calculated to [], is \$[].
R We will continue to charge penalties and interest until you pay the
R amount you owe in full.

R
S This balance doesn't include the amounts due for the tax returns and
S tax periods listed below:

S	Form	Tax Period
S	[]	[]
S	[]	[]
S	[]	[]
S	[]	[]
S	[]	[]
S	[]	[]

S We haven't finished processing these returns. We'll add these amounts
S due on these returns to your installment agreement when we finish
S processing them.

S
T While reviewing your account we determined we have not received the
T following returns:

T	Taxpayer identification T number	Form	Tax period
T	[]	[]	[]
T	[]	[]	[]
T	[]	[]	[]
T	[]	[]	[]
T	[]	[]	[]
T	[]	[]	[]
T	[]	[]	[]

T Please file these returns within 30 days from the date of this letter.

T
U We charge a \$[] user fee to cover the cost of providing
U installment agreements. We'll deduct the fee from your first payment.

U
U Even though your approved installment agreement payment may be less,
U your first payment must be at least \$[] to cover the
U fee.

U

U We can reduce the installment agreement user fee for individuals whose
U income falls at or below levels in the IRS Installment Agreement Low
U Income Guidelines. You may qualify for this one-time reduction to your
U fee.

U
U If your income is at or below the established levels (based on the
U Department of Health and Human Services poverty guidelines), you can
U apply for the reduced user fee of \$43 for new agreements. This
U reduction also applies to agreements that have payments deducted
U directly from a bank account.

U
U You can find the income levels and instructions on how to apply for
U the reduced user fee on Form 13844, Application For Reduced User Fee
U For Installment Agreements.

U
U If you qualify, complete and mail Form 13844 within 30 days to:

U
U Internal Revenue Service
U PO Box 219236, Stop 5050
U Kansas City, MO 64121-9236
U

U If you already paid the full user fee and we approve your request,
U we'll apply the difference you paid to the tax you owe.

U
U We'll notify you by mail of our decision.

U
V We charge a \$[] user fee to cover the cost of providing
V an installment agreement. However, we reviewed your account and found
V you qualify for the reduced fee of \$43 due to your income level.
V Although your approved installment agreement payment may be less than
V \$43, your first payment must be at least \$43 to cover the fee.

V
W We charge a \$[] user fee to cover the cost of revising
W or reinstating installment agreements. We'll deduct the fee from your
W first payment. Even though your approved installment agreement payment
W may be less, your first payment must be at least \$[] to
W cover the fee.

W

WHAT YOU MUST DO

You must meet all conditions of your installment agreement. If you
don't, we can cancel it and take enforcement action to collect the
full amount of your tax liability. Enforcement action could include
filing a Notice of Federal Tax Lien (which notifies your creditors
of our lien against your property) or placing a levy on your wages
or bank accounts. If we cancel your installment agreement and you
later apply for and receive reinstatement, you'll have to pay a
reinstatement fee.

X The other conditions of this agreement are:

X

X - You file and pay on time all federal and state taxes due during the
X term of this agreement.

X

X - We'll apply all installment agreement payments to the oldest tax
X assessments first, then penalties, then interest on that assessment.

X

X - You pay all installment agreement user fees.
X
X - You provide a current financial statement when we request one. If
X you have a change in your ability to pay, we can revise or cancel
X your installment agreement.
X
Y In about eight weeks, you'll receive a notice showing the tax,
Y penalty, and interest you owe. The notice will ask for payment of the
Y total amount. The law requires us to send this notice on overdue
Y accounts and to use the word "demand" when requesting payment.
Y
Y Because we already granted you an installment agreement, you don't
Y need to respond to this notice.
Y

We'll send you a monthly statement with a payment voucher and return envelope shortly before each payment is due. The statement will show your remaining balance, as well as your monthly payment amount. We must receive your payment by the due date. If you don't receive your statement at least 10 days before your payment due date, you should mail us your payment with a copy of the last page of this letter.

Make your check or money order payable to the United States Treasury and provide on each payment:

- Name
- Address
- Social security or employer identification number
- Daytime telephone number
- Tax year
- Tax form

Please use the return envelope provided with your statement.

If you move, complete Form 8822, Change of Address, or for business address changes, complete Form 8822-B, Change of Address - Business, and send it to us.

We'll apply any refunds you're due to the amount you owe until you pay your balance in full. A refund payment isn't a substitute for a monthly payment. You must still make your regular monthly payment if we apply a refund to your account.

We've provided a general explanation of the possible penalties and/or interest included in the current balance due on your account. If you would like a specific explanation of how the amounts were computed on your account, please contact us at the toll-free number shown in this letter and we will send you a detailed computation.

**** Filing and/or Paying Late -- IRC Section 6651 ****

We charge a 5% penalty for filing late, and a 1/2% penalty for paying late, when a return is filed late and the tax is not paid by the date it was due. When both penalties apply for the same month, the penalty for filing late is reduced by the amount of the penalty for paying late for that month.

The penalty for filing late is based on the tax ultimately due,

which was not paid by the original return due date without regard to extensions.

The penalty for paying late is based on the net unpaid tax at the beginning of each penalty month following the payment due date for that tax.

The penalties are charged for each month or part of a month the return or payment is late; however, neither penalty can be more than 25% in total.

Income tax returns are subject to a minimum penalty if filed late and received more than 60 days after the due date. The minimum penalty is \$135 (\$100 for returns due before 1/1/2009) or 100% of the tax paid late, whichever is less.

The penalty for paying late applies when tax is paid late, even if the return was filed on time. The due date for payment of tax shown on a return generally is the return due date without regard to extensions. Increases in tax must be paid within 21 days of our notice demanding payment (10 business days if the amount in the notice is \$100,000 or more).

If we issue a Notice of Intent to Levy and the balance due isn't paid within 10 days from the date of the notice, the penalty for paying late increases to 1% per month.

For individuals who filed on time, the penalty decreases to 1/4% per month while an approved installment agreement with the IRS is in effect for payment of that tax.

** Interest -- IRC Section 6601 **

We are required by law to charge interest when you do not pay your liability on time. Generally, we calculate interest from the due date of your return (regardless of extensions) until you pay the amount you owe in full, including accrued interest and any penalty charges. Interest on some penalties accrues from the date we notify you of the penalty until it is paid in full. Interest on other penalties, such as failure to file a tax return, starts from the due date or extended due date of the return. Interest rates are variable and may change quarterly.

For more information on penalties and interest, you can review Notice 746, Information About Your Notice, Penalty, and Interest.

Z The shared responsibility payment (SRP) amount that you owe is the
Z assessed payment for not having minimum essential health coverage
Z for you and, if applicable, your dependents per Internal Revenue Code
Z Section 5000A - Individual shared responsibility payment. The SRP
Z amount that you owe is not subject to penalties or to lien or levy
Z enforcement actions. However, interest will continue to accrue until
Z you pay the total SRP balance due. We may apply your federal tax
Z refunds to the SRP amount that you owe until it is paid in full.
Z

0 Under federal law, taxpayers who file joint returns are both
0 responsible for the tax due on their original tax returns and for any

0 later additional taxes resulting from changes on those returns. A
0 divorce decree is a civil matter and doesn't affect your
0 responsibility for paying these taxes.

0 You may qualify for relief under Innocent Spouse Relief or Separate
0 Liability Election. Please refer to the enclosed Publication 1, Your
0 Rights as a Taxpayer, for more information. Continue to make payments
0 to reduce the amount you owe because penalties and interest will
0 continue to increase until the balance is paid in full.

0 []

1 []

2
3 Federal income tax is a pay-as-you-go tax. You must pay the tax as
3 you earn or receive income during the year in one of three ways:

3 1. Withholding - If you're an employee, your employer will withhold
3 income tax from your pay. Payers also withhold tax from other types
3 of income, including pensions, bonuses, commissions, and gambling
3 winnings. In each case, the amount withheld is paid to the United
3 States Treasury in your name.

3 If you had too little tax withheld from your wages, you should
3 give your employer a new Form W-4, Employee's Withholding
3 Allowance Certificate, to increase the amount of withholding.

3 2. Estimated tax payments - If you don't pay your tax through
3 withholding or don't pay enough, you might have to pay estimated
3 tax. People who are in business for themselves generally pay
3 their tax this way. They generally have to pay self-employment tax
3 also.

3 If you need more information about changing your Form W-4 or making
3 estimated tax payments, let us know. Publication 505, Tax
3 Withholding and Estimated Tax, explains both of these methods in
3 detail.

3 3. Federal tax deposits - If you have employees, you may be required
3 to make federal tax deposits for employment taxes. As an employer,
3 you must withhold federal income tax, social security and Medicare
3 taxes, and Federal Unemployment Tax Act (FUTA) taxes. Employers
3 required to make deposits must deposit electronically through the
3 Electronic Federal Tax Payment System (EFTPS).

3 If you need more information about making federal tax deposits,
3 let us know. Publication 15, Circular E, Employers Tax Guide, and
3 Publication 15-A, Employer's Supplemental Tax Guide, explain in
3 detail an employer's responsibility. You can also visit
3 www.EFTPS.gov or call EFTPS Customer Service at 1-800-316-6541
3 (individual) or 1-800-555-4477 (business).

4 You requested abatement of penalty charges. We'll address your request
4 in a separate letter, which you should receive soon.

4
5 You may have to pay backup withholding if you underreport your
5 interest, dividends, or patronage dividend income and don't pay the

5 required tax. We can notify the institutions that pay you interest or
5 dividend income to begin or continue withholding tax at 28 percent if
5 we issue four notices to you over a 120 day-period and you don't fully
5 pay your tax.

5

HOW TO MAKE YOUR PAYMENTS

In addition to sending your payments by mail each month, you have several other payment options.

Pay in person

You can pay at a local IRS office by personal check, cashier's check, certified check, or money order. When you pay in person, be sure to bring this letter with you. Some offices also accept cash (but they can't provide change). Check www.irs.gov/localcontacts to find the services available at each site and the hours of operation.

Pay electronically

Visit www.irs.gov/e-pay for information on paying your taxes electronically. If you don't have access to the internet, call EFTPS Customer Service at 1-800-316-6541 (individual) or 1-800-555-4477 (business).

For credit or debit card payments, fees may vary between the service providers.

6 Pay by automatic bank withdrawal

6

6 If you want to authorize us to take your monthly payments from your
6 bank account, you must:

6

- 6 - Complete and sign a Form 433-D, Installment Agreement Include
- 6 - a blank check with "VOID" printed on the front of the check
6 or provide your name, bank name, routing number, and account number
6 exactly as they appear on the front of your check.
- 6 - Mail the completed Form 433-D and your voided check or banking
6 information to the form address listed at the end of this letter.

6

7 Pay by payroll deduction

7

7 To authorize your employer to deduct payments from your salary or
7 commission and send them directly to us, you must:

7

- 7 - Complete and sign a Form 2159, Payroll Deduction Agreement.
- 7 - Have your employer sign the form.
- 7 - Mail Part 1 of the completed Form 2159 to us.
- 7 - Give Part 2 of the completed Form 2159 to your employer.
- 7 - Keep Part 3 of the completed Form 2159 for your records.
- 7 - Send the monthly payments to us until your employer begins
7 deducting payments from your salary or commission.

7

HOW TO CONTACT US

8 If you have questions, call [] at
8 [] between [] and [].

8

9 If you have questions, call us toll free at 1-800-829-[].

9

a If you have questions, call us toll free at [].

a

If you are out of the country and need assistance, call us at 1-267-941-1000 (not toll-free).

You can also find more information on our website at www.irs.gov.

You can get any of the forms or publications mentioned in this letter by calling 1-800-TAX-FORM (1-800-829-3676) or visiting our website at www.irs.gov/formspubs.

If you prefer, you can write to us at the address we provided in this letter. When you write, include a copy of this letter and provide in the spaces below your telephone number with the hours we can reach you.

Keep a copy of this letter for your records.

Telephone Number () _____ Hours _____

Thank you for your cooperation.

Sincerely yours,

Enclosures:

Envelope

b Publication 1 [] []

c []

d To: []

d []

d []

d []

d

e Send payment to:

e Internal Revenue Service

e []

e

f Send form to:

f Internal Revenue Service

f []

f

Taxpayer identification number: []

Tax form: []

Tax period: []

INSTALLMENT AGREEMENT PAYMENT

You can return a copy of this page with your payment in the enclosed envelope if you don't receive your monthly statement on time. Please allow at least 10 days mailing time for your payment to reach us. Make your check or money order payable to the United States Treasury and clearly print on each payment:

- Name
- Address
- Social security number or employer identification number
- Daytime telephone number
- Tax year
- Tax form

Letter 2273C (Rev. 09-2014)

SAMPLE