



Happy New Year from ASTPS!

A thrilling new chapter has begun in the world of tax resolution! As the IRS reignites its engines of enforcement and collection, we stand on the brink of a period bustling with opportunity.

Reflecting on the past two years, it's remarkable to see how many of you have anticipated this surge. Your dedication to preparation and professional development has not only set a standard of excellence but has also strategically positioned you at the forefront of this wave.

As we step into this dynamic and promising year, the American Society of Tax Problem Solvers is more committed than ever to be your steadfast ally. Together, we will navigate the complexities of this new era in tax resolution.

Our arsenal of resources - encompassing top-tier training, expert consulting, and transformative coaching - is at your disposal, designed to empower you and amplify your impact.

This is more than just a time of change; it's a time of extraordinary potential.

Let's embrace this journey with vigor, armed with the knowledge, skills, and support that make our community exceptional.

Here's to a year of achievements, breakthroughs, and unparalleled success in the ever-evolving world of tax problem resolution.

Sincerely,

The ASTPS Team



Partial Pay Installment Agreement

An Under-Employed Option

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Tax Problem Solvers
ASTPS A Non-Profit Professional Association
www.astps.org

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Excellence in Tax Problem Resolution Education

Partial Pay
Installment Agreement

An Under-Employed Option

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Lawrence M. Lawler
CPA, EA, CTRS
National Director ASTPS

Partial Pay Installment Agreement

An Under-Employed Option

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IRM 5.14.2.1




American Jobs Creation Act 2004
amended IRC Sec. 6159 to provide
authority for the Partial Pay
Installment Agreement

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PPIA and
Equity in
Assets


Prior to granting a Partial Pay Installment Agreement equity must be addressed and, if appropriate, be used to pay the liability.

Polling Question

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Collection
Information
Statement
Required

443-A and/or 433-B

- IRS Compares to current tax return
- If income ↓ 20% or more, or assets are discovered to be missing from CIS...
- Taxpayer to explain

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Certain Unpaid Balance of Assessments (UBA)



When assets cannot be liquidated and UBA exceeds *(undisclosed threshold)*, RO is to secure real property records, DMV records, and a full credit report.

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2-Year Review




PPIA terms are to be reviewed every 2 years

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Conditional
Expenses


Not allowed for Partial Pay
Installment Agreements

IRS will only allow minimal
amount of time to adjust
expenses.

Polling Question

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Upon
Default

Back to collection for
financial review before
Currently Not Collectible

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Previous
Default




Defaulted an IA in the past 24 months - required to pay via DDIA or PDIA with some exceptions.

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In-Business
Employment
Taxes RO Is To:



- 1 Verify income & expenses
- 2 Document anything questionable
- 3 Run records check on real and personal property ownership
- 4 If appropriate, request sale of, or borrowing on assets
- 5 Ensure ability to pay current taxes, operating expenses, and PPIA.

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If not a full-pay,
out-of-business,
and Trust Funds
are Due



RO is to assess the Trust Fund
Recovery Penalty unless there is
no collection potential from
responsible person(s)

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Trust Funds are
Due and Taxpayer
Works for Liable
Entity



Can IRS require installment
payments from both the entity
and the responsible person?

Yes, they are to pay the maximum
monthly payment based upon the
taxpayer's ability to pay.

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Trust Funds are
Due and Taxpayer
Works for Liable
Entity



Consider having the responsible person(s) working for the liable entity reduce their salary by the amount of their ability to pay in order to increase the monthly payment of the business.

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Asset Case
Defenses



- 1 Minimal equity or too little for loan
- 2 Cannot access equity. Or, if loan were to be secured, taxpayer could not make payment
- 3 Asset has value, but unmarketable
- 4 Asset used for POI to pay PPIA
- 5 Undue economic hardship

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Statute of
Limitation
waiver on
collection



Taxpayer will be coming into possession of an asset 2 years after CSED and that asset would be best case resolution. *Request waiver?*

RO should request waiver.

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Statute of
Limitation
waiver on
collection



Taxpayer is financially capable of continuing making PPIA payments after CSED expires. *Request waiver?*

RO should allow CSED to expire.

Polling Question

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Statute of Limitation waiver on collection



Appears taxpayer will have an increase in income in the foreseeable future but will not sign a waiver.
Now what?

RO should allow PPIA and note the file for 2-year review.

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Statute of Limitation waiver on collection



Waiver can *only* be secured at inception of PPIA, not during the 2-year review, unless a new PPIA is executed at the same time.

Extension of SOL on collection may not exceed 5 years, plus 1 year for administrative purposes

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Securing Approval of the PPIA



Compliance required for current filing, withholding, federal tax deposits, and estimated taxes.

Group Manager must review financials, consider alternatives, evaluate rationale for allowing taxpayer to retain assets with equity, and must assure RO didn't request taxpayer take any actions that would result in economic hardship to t/p.

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Steps to Request PPIA



Step 1

Prepare form 433-F - Do not use conditional expenses

Step 2

Review for planning opportunities: Equity & Excess Income and make appropriate adjustments

Step 3

Determine remaining Statute of Limitations on Collection

Step 4

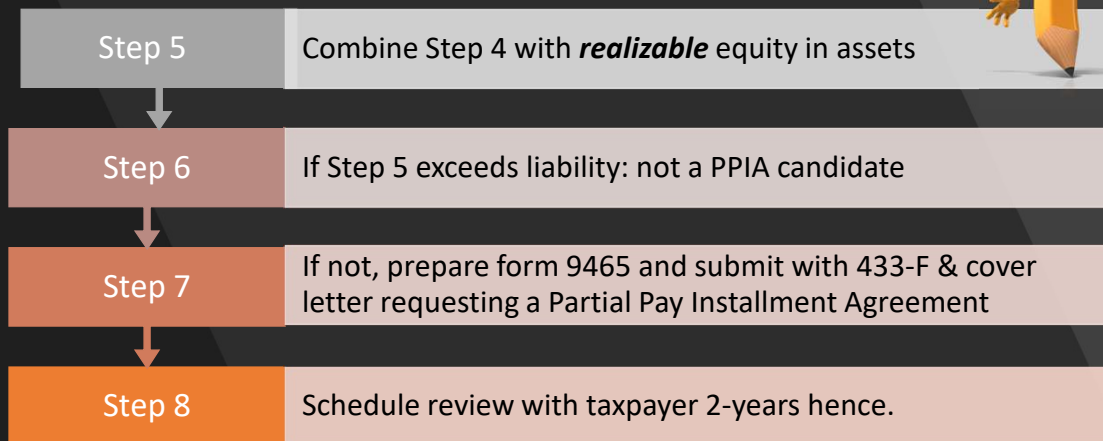
Multiply excess income per 433-F *times* months remaining on SOL

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Steps to Request PPIA



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Sample Computation



Monthly excess income	\$ 200
Remaining months in CSED	x 50
Available from income	\$10,000
Plus: <i>Realizable</i> equity	<u>15,000</u>
Total	<u>\$25,000</u>


Liability	<u>\$24,000</u>
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Conclusion: Not a PPIA

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Sample Cover Letter

4C-4 Inability to Pay - Installment Agreement (Over \$25M)

Randy Roe, EA-CPA
Federally Authorized Tax Practitioner
 1000 Main Street - Suite 100
 Central City, GA 39900

Internal Revenue Service Center
 Atlanta, GA 39901

Attention: ACS Operations Manager

Gentlemen:

Regarding: Robert Doe 123-45-6789

I am writing on behalf of the taxpayer referred to above under power of attorney. The taxpayer has received notice and demand for tax due (A copy of the letter is enclosed with this letter).

The taxpayer is unable to pay the tax due in full and is requesting an installment agreement as contemplated by Section 6159 of the Internal Revenue Code and IRM section 5.19.1.2.6.3. Since the unpaid tax is in excess of \$25,000.00 and/or the taxpayer is unable to pay sufficiently large installments to pay in full within six years, I am enclosing Form 9465 - Request for Installment Payment Agreement and Form 433A - Collection Information Statement.


The taxpayer is current in all filing, withholding, and estimating requirements. Please notify me that the proposed installment agreement has been established within thirty (30) day as contemplated by IRS Policy 21-3.

If you require substantiating or verifying documents, please contact me at the telephone number or mail address shown above.

Sincerely,

Randy Roe, EA-CPA
 (Signed under POA - copy enclosed)

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 4C-4




Sample Cover Letter

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Sample 9465
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9465
Form 9465 (Rev. 9-2020)
Department of the Treasury
Internal Revenue Service

Installment Agreement Request

► Go to www.irs.gov/Form9465 for instructions and the latest information.
► If you are filing this form with your tax return, attach it to the front of the return.
► See separate instructions.

OMB No. 1545-0074

Tip: If you owe \$50,000 or less, you may be able to avoid filing Form 9465 and establish an installment agreement online, even if you haven't yet received a tax bill. Go to www.irs.gov/OPA to apply for an Online Payment Agreement. If you establish your installment agreement using the Online Payment Agreement application, the user fee that you pay will be lower than it would be with Form 9465.

Part I Installment Agreement Request

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

Enter tax year(s) or period(s) involved (for example, 2018 and 2019, or January 1, 2018, to June 30, 2019) ►

1a 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, also complete the spaces below (see instructions).

Foreign country name Foreign province/state/country Foreign postal code

1b If this address is new since you filed your last tax return, check here ☐ **2** Name of your business (must no longer be operating) Employer identification number (EIN)

3 Your home phone number Best time for us to call **4** Your work phone number Ext. Best time for us to call

5 Enter the total amount you owe as shown on your tax return(s) (or notice(s)) **5** 100,000

6 If you have any additional balances due that aren't reported on line 5, enter the amount here (even if the amounts are included in an existing installment agreement) **6** 20,000

7 Add lines 5 and 6 and enter the result **7** 120,000

8 Enter the amount of any payment you're making with this request. See instructions **8** 0

9 Amount owed. Subtract line 8 from line 7 and enter the result **9** 120,000

10 Divide the amount on line 9 by 72.0 and enter the result **10** 1,667

11a Enter the amount you can pay each month. Make your payment as large as possible to limit interest and penalty charges, as these charges will continue to accrue until you pay in full. If you have an existing installment agreement, this amount should represent your total proposed monthly payment amount for all your liabilities. If no payment amount is listed on line 11a, a payment will be determined for you by dividing the balance due on line 9 by 72 months **11a** \$ 1,000

b If the amount on line 11a is less than the amount on line 10 and you're able to increase your payment to an amount that is equal to or greater than the amount on line 10, enter your revised monthly payment **11b** \$

► If you can't increase your payment on line 11b to more than or equal to the amount shown on line 10, check the box. Also, complete and attach Form 433-F, Collection Information Statement.

► If the amount on line 11a (or 11b, if applicable) is more than or equal to the amount on line 10 and the amount you owe is over \$25,000 but not more than \$50,000, then you don't have to complete Form 433-F. However, if you don't complete Form 433-F, then you must complete either line 13 or 14.

► If the amount on line 9 is greater than \$50,000, complete and attach Form 433-F.

12 Enter the date you want to pay your payment each month. Don't enter a date later than the 28th **12** 2/28

13 If you want to make your payments by direct debit from your checking account, see the instructions and fill in lines 13a and 13b. This is the most convenient way to make your payments and it will ensure that they are made on time.

a Routing number 1111111111 **b** Account number 123456789012

c Low-income taxpayers only. If you're unable to make electronic payments through a debit instrument by providing your banking information on lines 13a and 13b, check this box and your user fee will be reimbursed upon completion of your installment agreement. See instructions.

14 If you want to make payments by payroll deduction, check this box and attach a completed Form 2159.

By signing and submitting this form, I authorize the IRS to contact third parties and to disclose my tax information to third parties in order to process this request and administer the agreement over its duration. I also agree to the terms of the agreement, as provided in the instructions, if it is approved by the IRS.


Your signature Date Spouse's signature, if a joint return, both must sign, Date

For Privacy Act and Paperwork Reduction Act Notice, see instructions. Cat. No. 14847Y Form 9465 (Rev. 9-2020)

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Sample 9465
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Form 9465 (Rev. 9-2020)

Part II Additional Information

Complete this Part only if all three conditions below apply:

- You defaulted on an installment agreement in the past 12 months;
- You owe more than \$25,000 but not more than \$50,000; and
- The amount on line 11a (or 11b, if applicable) is less than line 10.

Note: If you owe more than \$50,000, also complete and attach Form 433-F.

15 In which county is your primary residence?

16a Marital status:
☐ Single. Skip question 16b and go to question 17.
☐ Married. Go to question 16b.

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

17 How many dependents will you be able to claim on this year's tax return? **17** 1

18 How many people in your household are 65 or older? **18** 1

19 How often are you paid?
☐ Once a week.
☐ Once every 2 weeks.
☐ Once a month.
☐ Twice a month.

20 What is your net income per pay period (take home pay)? **20** \$ 2,000

Note: Complete lines 21 and 22 only if you have a spouse and meet certain conditions (see instructions). If you don't have a spouse, go to line 23.

21 How often is your spouse paid?
☐ Once a week.
☐ Once every 2 weeks.
☐ Once a month.
☐ Twice a month.

22 What is your spouse's net income per pay period (take home pay)? **22** \$ 2,000

23 How many vehicles do you own? **23** 2

24 How many car payments do you have each month? **24** 2

25a Do you have health insurance?
☐ Yes. Go to question 25b. ☐ No. Skip question 25b and go to question 26a.

b Are your health insurance premiums deducted from your paycheck?
☐ Yes. Skip question 25c and go to question 26a. ☐ No. Go to question 25c.

c How much are your monthly health insurance premiums? **25c** \$ 200

26a Do you make court-ordered payments?
☐ Yes. Go to question 26b. ☐ No. Go to question 27.

b Are your court-ordered payments deducted from your paycheck?
☐ Yes. Go to question 27. ☐ No. Go to question 26c.

c How much are your court-ordered payments each month? **26c** \$ 200

27 Not including any court-ordered payments for child and dependent support, how much do you pay for child or dependent care each month? **27** \$ 0

Form 9465 (Rev. 9-2020)

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Key Take-Away



In some scenarios the partial-pay installment agreement is a viable lower-cost solution. Best practice is to consider the PPIA v. OIC and other solutions.

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An Under- Employed Option



There you have it!

Partial Pay Installment Agreement

The End

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