



Balance Due Information

What to do when you owe the IRS or State of Colorado

If you should owe additional taxes with your Federal or State tax return there are a variety of options available.

One of the most important things to remember is you should file your tax returns on time, before the due date of the return (normally April 15th), even if you cannot pay the balance owed.

If you have a complicated tax situation to resolve with the IRS, you can contact the Low Income Tax Clinic (LITC) to set up an Offer in Compromise, Release of Leins & Levies, and Audit Representation & Appeals: (303) 871-6331 or litc@du.edu
University of Denver – Graduate Tax Program – 2255 East Evans Avenue #390, Denver CO 80208

The IRS and Colorado State Dept. of Revenue provide three primary options for a balance due on the tax return:

1.) Partial Payment or Payment In Full

Your payment should be made and postmarked by April 15th. You have three options to choose from:

- **Check or Money Order**
 - If you have E-Filed your return, you should enclose your check or money order in an envelope attached to the **Voucher** provided by the Tax Site.
 - If you will be mailing your tax return in on paper, you should include your check or money order with the tax return. Do not send cash in the mail.
 - If paying by check or money order, make it payable to the **“United States Treasury”** for the full or partial amount you can pay. Write **“Form 1040”, the tax year, and your social security number and daytime phone number on the memo line of your check.** You must also include your name and address if that information is not shown on the check or money order.
 - Although the Form 1040-V (Voucher) is not required, submitting your check or money order with this Form 1040-V allows the IRS to process the payment more accurately and efficiently.
- **Electronic Funds Withdrawal**
 - Your Tax Preparer can include your bank account information on your tax return and instruct the IRS to withdraw the balance due directly from your bank account on a date you select.
 - *Caution: It may take several months for the debit from your account to occur. Keep enough in your account to cover the balance due or you may be charged an “Insufficient Funds” fee.*
- **Payment by Debit or Credit Card**
 - There are several services which provide you with the ability to pay your balance due by card.
 - There are fees to use these services.
 - Visit the website [IRS.gov/Payments](https://www.irs.gov/Payments) for a list of services.

2.) Installment Agreement

The IRS will help you establish an Installment Agreement to pay your debt in set monthly payments. *There are fees for these services. This fee is collected from your monthly payments before any amounts are applied to your balance due. You will be charged a late payment penalty and interest until the balance due is paid in full.*

You should be aware, however, that an installment agreement is more costly than paying all the taxes you owe now. As with most revolving credit arrangements, we charge interest and penalties on the unpaid portion of the debt. The IRS will help you establish an Installment Agreement to pay your taxes in set monthly payments. The fee for a Direct Debit Installment Agreement is \$52, or a \$120 fee for a Payroll Deduction Installment Agreement. Low income individuals may qualify for a reduced user fee of \$43.

- To request an installment agreement you should complete and attach the **Form 9465** to your return, or request it electronically at [IRS.gov/Payments](https://www.irs.gov/Payments)
- You can also request a waiver of the \$105.00 fee if you meet the income guidelines on **Form 13844**.
 - The Form 13844 is mailed separately to:
Internal Revenue Service, PO Box 219236, Stop 5050, Kansas City, MO 64121-9236
- You may also request the IRS to do a Direct Debit Installment Agreement (DDIA) which would take your payments directly from your bank account on a specified day every month. Or, a Payroll Direct Debit Installment Agreement (PDIA) which would authorize the IRS to make a payment on your balance due directly from your employer's paycheck each time you are paid. *There are fees for these services.*
- **You can call the IRS at 1-800-829-1040 with any questions or concerns.**

3.) Voluntary Payments

At any time you can make voluntary payments toward any balances you may have owing from your tax return(s). However it may take the IRS several months to process your tax return and send you a notice regarding your balance due, and in the meantime penalties and interest will continue to be applied to your account. Any payments received by the IRS will reduce the amount you owe, as well as the amount of penalties and interest applied to your debt.

Voluntary payments can be made by check or money order made payable to **"United States Treasury"** for the full or partial amount you can pay. Write **"Form 1040", the Tax Year, your social security number and daytime phone number on the memo line of the document**. You must also include your name and address if that information is not shown on the check or money order.

If you have a balance due for more than one year, you will need to complete a **Form 433-D** and submit it to the IRS.

The State of Colorado allows you to establish a payment agreement once your billing information is setup on their computer system. *This applies only to any balances due to the State of Colorado and is separate from any payment arrangements made with the IRS.* You will need to file your State tax return by April 15th and pay as much as you can on the balance due. Once you get your first bill, you can set up an installment agreement.

- Use the Income Tax Account information service (www.taxcolorado.com)
- Call Customer Service at (303) 238-7378 or go to www.colorado.gov/revenueonline
- Contact the Tax Auditing and Compliance Division (303) 205-8291