

IRS Collection Alternatives Evaluation Chart

	Installment Agreements (IA)						Hardship relief	
	Simplified Installment Agreements			Complex Ability-to-pay installment agreements			Based on Ability-to-pay	
	Guaranteed installment agreement (GIA)	Simple installment agreement (SIA)	Full-pay non-streamlined IA (owe <\$250K)	Conditional IA	Ability to Pay IA	Partial Pay IA	Currently not collectible	Offer in Compromise
Maximum unpaid balance	\$10,000 total balance owed	\$50,000 assessed balance; total balance can be higher	Assessed balance between \$50K-250K	No limit	No limit	No limit	No limit	No limit
Maximum payment terms	36-months	Until CSED	Until CSED	6 years or by CSED, whichever is shorter	Before CSED	Paid through end of CSED, then IRS writes off remaining amount owed	N/A	5-24 months
Other collection actions	Refunds used to offset balances owed					Refunds used to offset balances; IRS reviews every 2 years	Increase in income may exit CNC status; refunds taken	Taxpayer must file and pay timely for next 5 years
Advantages	Simple to setup. Avoids tax lien filing and financial disclosure. IRS must accept.	Simple to set up. Avoids tax lien filing and financial disclosure. Favorable payment terms.	Avoids financial disclosure. May lead to favorable payment terms.	Provides payment terms based on actual expenses which lowers default rate.	Limits payment based on income and allowable expenses. Required for field collection.	Does not pay full balance owed before CSED. May not have to pay assets like an OIC.	No payment required based on financial status.	Settle taxes based on calculation of future reasonable collection potential.
Lien filing if balance over \$10,000	No	No	Yes	Yes	Yes	Yes	Yes	Yes, if payment plan term is greater than 5 months

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Financial disclosure required	No	No.	No, unless taxpayer has passport restrictions or prior defaulted IA	Yes	Yes	Yes	Yes	Yes
Expense limitations	N/A	N/A	N/A	Reasonable actual expenses allowed	Limited to expenses for production of income and allowable, necessary living expenses (limits set in IRS Collection Financial Standards)			
Asset liquidation required	No	No	No	No	Considered based on financial information, collection history, and balances owed	Yes	Yes for assets not essential for health and welfare of family or to produce income.	Yes, net equity in assets have to be offered as payment in an OIC
Fees	Set-up by phone/mail: fees range from \$107-\$225 Set-up online (only available for GIA and SLIA): \$31-\$149 Setup fee for low-income: \$0-43 Penalties and interest accrue until balance is paid						No fee. Penalties and interest continue to accrue	Fee: \$205, plus offer amount payments; Low-income waiver available.

- CSED (Collection Statute Expiration Date) – The last date the IRS can legally collect the tax (typically 10 years from the date the taxes were assessed)
- Collection financial standards – Published IRS standards that provides limits on amounts spent for necessary living expenses
- Ability to Pay – based on the taxpayer's equity in assets and/or monthly disposable income that can be used to pay balances owed

Note: the IRS also has an Extension to Pay agreement (ETP or referred to by IRS as "short-term payment agreement") that allows individual taxpayers a one-time, up to 180 days, to pay the balance (in full or partially). ETP agreements do not apply if the taxpayer is in default status on a prior agreement, owe greater than \$1M (assigned to Collection Field Function), or is assigned to the Collection Field Function (revenue officer).