



Tax Reduction Letter

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Internal Revenue Manual 5.14.5.3 (05-23-2014)

Guaranteed Installment Agreements

1. Internal Revenue Code (IRC) section 6159(c) requires the Service to accept proposals of installment agreements under certain circumstances. In accordance with IRC 6159(c) the Service must accept proposals to pay in installments if taxpayers are individuals who:
 - A. owe income tax only of \$10,000 or less (excluding penalties and interest);
 - B. have not failed to file any income tax returns or to pay any tax shown on such returns during any of the preceding five taxable years;
 - C. cannot pay the tax immediately (see (2) below);
 - D. agree to fully pay the tax liability within 3 years;
 - E. agree to file and pay all tax returns during the term of the agreement; and
 - F. have not entered into an installment agreement during any of the preceding five taxable years.
2. As a matter of policy, the Service grants guaranteed agreements even if taxpayers are able to fully pay their accounts. (See also IRM 5.14.1.4(8), and IRM 5.14.5.2(10).)
3. Unlike the criteria for streamlined agreements, the dollar limit for guaranteed agreements of \$10,000 only applies to tax. The taxpayer may owe additional amounts in penalty and interest (both assessed and accrued) and qualify for a guaranteed agreement, so long as the tax liability alone is not greater than \$10,000.
4. Guaranteed installment agreements may be granted by revenue officers and other contact employees. Managerial approval is not required for these agreements.
5. A lien determination is not required for a guaranteed installment agreement but may be made at the discretion of the revenue officer and liens may be filed.

Reminder:

Where an NFTL filing determination is not required, but a decision to file an NFTL has been made, document the justification in the case history including the manager's concurrence.

6. IDRS CC ICOMP or Decision IA will be used to determine if the tax, including statutory additions, can be fully paid within three years.
7. If taxpayers do not qualify for guaranteed agreements, consider streamlined agreements prior to considering other alternatives. Process guaranteed agreements as streamlined agreements on ICS.
8. Taxpayers should be advised of accruals of penalty and interest during the duration of an installment agreement. If the taxpayers decide it is in their best interest to fully pay the account balance, a payoff balance should be provided to the taxpayers with instructions regarding payment submission.