

Quality Site Requirement Alert (QSRA) 2012- 06
QSR #06 Timely Filing - BALANCE DUE RETURNS
March 16, 2012

Purpose: This QSRA reemphasizes the guidance for taxpayers who come to volunteer preparation sites and may owe a balance for the first time. During conversations with these taxpayers, please be sure to provide information to help them understand and meet their tax responsibility.

Concern: There has been a significant increase in balance due returns overall in recent years. Many taxpayers who may have received a refund in the past are now finding they have a balance due. When taxpayers find they have a balance due, they may be reluctant to file their return. Topics of discussion for taxpayers with balance due returns:

1. Taxpayers who have a balance due **should file their returns timely** (no later than April 17, 2012) even if they are unable to pay the tax due. The penalty for late filing is much higher than the penalty for late payment. The taxpayer should pay as much as possible when they file to reduce the late payment charges. Once the return is processed and a notice is issued, the taxpayer may be able to pay the remaining amount due.
2. The Internal Revenue Service has taken steps to offer assistance to those who are having trouble paying their tax bill. Refer to guidance available at [irs.gov](http://www.irs.gov/newsroom/article/0,,id=108508,00.html) – Three Ways to Pay Your Federal Income Tax. <http://www.irs.gov/newsroom/article/0,,id=108508,00.html>.
3. Provide the taxpayer with **Publication 4714, Payment Options**. Taxpayers should consider these payment options and contact the IRS if they still need additional assistance.
4. Volunteers are encouraged to review Publication 4012, Volunteer Resource Guide, Tab 12, “Finishing the Return” (pages 12-6 and 12-7) for balance due procedures.

The Internal Revenue Service announced a major expansion of its “Fresh Start” initiative to help struggling taxpayers by taking steps to provide new penalty relief to the unemployed and making Installment Agreements more available. Certain taxpayers who have been unemployed for 30 days or longer will be able to avoid failure-to-pay penalties. A series of eight short videos are available to familiarize taxpayers and practitioners with our collection process. The series “Owe Taxes?- Understanding IRS Collection Efforts”, is available on the IRS website, www.irs.gov.

Note: Calculating the Estimated Tax Penalty is **out of scope for the volunteer program**. Please allow the IRS to calculate the penalty. We will notify the taxpayer if there is a balance due.

Message to Taxpayers:

- Don't panic.
- If you cannot pay the full amount of taxes you owe, you should still file your return by the deadline and pay as much as you can.
- You also should contact the IRS to discuss your payment options at 1-800-829-1040.
- The agency may be able to provide some relief such as a short-term extension to pay, an installment agreement or an offer in compromise.
- In some cases, the agency may be able to waive penalties. However, the agency is unable to waive interest charges which accrue on unpaid tax bills.

For more information please visit www.IRS.gov.

Thank you for volunteering to serve your community and for your dedication in providing
Top Quality Service!