

TTB G 2022-1, Taxpayer Relief – Payment Options

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Taxpayer Relief – Payment Options

If you're having trouble paying the taxes you owe, or if you're not able to pay by the deadline, TTB has several options that can help. We refer to these options collectively as "taxpayer relief." If you know you need relief, it's important to voluntarily contact us and make payment arrangements to pay the tax due using one or more of the options below. If you don't contact us, we may take action to collect the taxes.

Review each of these options - you may be eligible for more than one.

Installment Agreement

Pay off your outstanding tax liability (including penalties and interest) in full over time.

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Extension of Time for Paying Tax

Apply for an extension if you would experience undue hardship by paying on the due date.

[Learn More](#)

Waiver or Abatement of Penalties

Qualify for relief from penalties if you were unable to meet your tax obligations due to circumstances beyond your control.

[Learn More](#)

Offer in Compromise

Settle your tax debt for less than the full amount if you can establish inability to pay in full, or if you believe you do not owe the tax in question.

[Learn More](#)

i To minimize penalties and interest, file all required federal tax returns on time, even if you cannot pay the full amount due.

CONTACT US

If you have questions about payment options, please contact us online, or call our toll-free number at 877-882-3277 (877-TTB-FAQS), Monday to Friday, 8 a.m. to 5 p.m. ET.

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Installment Agreement

If you have unpaid liabilities (including tax, penalties, and/or interest), you or your authorized representative (power of attorney) may request an installment agreement to make installment payments over time.

+ What are the key points?

Generally, when you enter into an installment agreement, you agree to make a series of payments equal to the full amount of assessed tax, penalties, and interest over a set period of time.

We may revise or cancel approved agreements if we subsequently receive financial information that reflects a change in your ability to pay.

You may resolve outstanding liability for multiple return periods or years under a single installment agreement. You may also resolve outstanding liability for multiple businesses under the same ownership, i.e., same Employer Identification Number (EIN).

Interest and penalties will accrue until the liability is fully satisfied. You can reduce the amount of interest due at the end of the time specified in the agreement by making additional payments during the repayment period or by paying off your debt early.

Generally, we notify taxpayers whether we are approving or denying their request for an installment agreement within 60 days of receipt of all necessary information.

To learn more about agreements for payment of tax liability in installments, see 26 U.S.C. 6159 and 27 CFR 70.481.

+ Do I qualify?

You must be able to demonstrate you have the financial ability to pay off your tax debt as well as all future liabilities you incur during the agreement.

You must agree that for the term of the agreement, you will timely pay all federal taxes or other obligations due and timely file all federal tax returns.

Generally, you must send any outstanding tax returns and operational reports before we can approve an installment agreement.

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+ How do I apply?

To start the process, complete [TTB F 5600.31, Application for Installment Agreement](#).

Depending on the length of the agreement you seek, TTB generally requests:

Short-term Installment Agreement (12 months or less)


- The three most recent months of statements for all company financial accounts, such as checking, savings, money market, brokerage, etc.
- The three most recent months of statements for all real estate holdings and business assets with an encumbrance, such as a mortgage, lien, or other claim against the property by someone other than the owner.
- Copies of your current debt/loan agreements.
- Your latest balance sheet.

Long-term Installment Agreement (more than 12 months, generally up to 36 months)

- Collection Information Statement (and any attachments required by that form)
 - Individual taxpayers use [TTB F 5600.17](#)
 - Businesses use [TTB F 5600.18](#)
- The three most recent months of statements for all company financial accounts, such as checking, savings, money market, brokerage, etc.
- The three most recent months of statements for all real estate holdings and business assets with an encumbrance, such as a mortgage, lien, or other claim against the property by someone other than the owner.
- Copies of your current debt/loan agreements.
- Your latest balance sheet.
- Your latest profit and loss or income statement.
- Your last two federal (business) income tax returns.

Mail the completed [TTB F 5600.31, Application for Installment Agreement](#) together with the applicable additional information, to:

Office of Permitting and Taxation
 Alcohol and Tobacco Tax and Trade Bureau
 550 Main St., Ste. 8002
 Cincinnati, OH 45202-5215

 **All forms and documents must be signed by an individual who has legal authority to sign documents for the taxpayer.**

- If signing authority or power of attorney forms are not already on file with TTB, you may send an amendment in [Permits Online](#) to have them added. (**Note:** If the amendment is pending when you send your request for an installment agreement, please reference the [Permits Online](#) tracking number.)
- Alternatively, you may send [Signing Authority](#) or [Power of Attorney](#) forms together with your request for an installment agreement.

Similarly, we can only discuss a request with an individual who has power of attorney or signing authority on file with TTB that authorizes such communication.

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 **CONTACT US**

If you have questions about payment options, please [contact us online](#), or call our toll-free number at 877-882-3277 (877-TTB-FAQS), Monday to Friday, 8 a.m. to 5 p.m. ET.

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Extension of Time for Paying Tax

If you can show that timely payment of your upcoming tax liability will cause you undue financial hardship, you or your authorized representative (power of attorney) may request an extension of time to pay.

+ What are the key points?

If, because of temporary conditions beyond your control, you believe that timely payment of tax to TTB will cause undue financial hardship (for example, you would have to sell property at a sacrifice price in order to pay your taxes), you may apply for an extension of the due date.

As a general rule, an extension of time to pay is limited to 6 months from the original due date.

Interest accrues on any unpaid tax liability whether the extension is approved or denied.

If your application is approved, you must pay the tax plus interest by the extended due date.

Note: Include a copy of the approved request when you pay the tax.

If your application is denied, you must pay the tax plus interest within 10 days of the date of the denial.

Note: Include a copy of the denied request when you pay the tax.

Additional financial penalties will be applied if you do not pay all tax and interest on or before an approved extension date, or within 10 days of the date of a denial.

Generally, we notify taxpayers within 30 days of receipt of all necessary information if we are approving or denying their request for an extension of due date.

To learn more about agreements for payment of tax liability in installments, see 26 U.S.C. 6161 and 27 CFR 53.156.

+ Do I qualify?

We will not grant an extension based on a general statement of taxpayer hardship; you must be in threat of undue financial hardship to qualify.

The term **undue hardship** means more than an inconvenience to the taxpayer. You must be able to show/prove that paying your taxes on time would require taking actions such as liquidating assets or selling property at a loss, placing your business at severe financial risk and effectively hindering your ability to operate.

You must be able to show that you do not have enough cash, above necessary working capital, to pay the tax. In determining cash available, use current market prices and include anything you can convert into cash.

You must also show that you are unable to borrow money to pay the tax except under terms that will cause you severe financial hardship.

We will not consider a request unless you have filed your return and sent your request for the extension on or before the payment due date.

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 How do I apply?

In advance of the tax payment due date, complete [TTB F 5600.38 Application for Extension of Time for Payment of Tax](#) and gather the following supporting documentation:

- **Statement of assets and liabilities** as of the last day of the preceding month showing book and market values of assets and whether any securities are listed or unlisted.
- **Itemized list of receipts and disbursements** for the three months before the tax is due.

Note: You must send a separate application form and supporting documentation for each tax return period for which you request an extension.

Pay.gov users

File your tax return electronically through [Pay.gov](#) on or before the due date.

Currently, you may not upload any documents in [Pay.gov](#), so please mail [TTB F 5600.38, Application for Extension of Time for Payment of Tax](#) and the supporting documentation listed above on or before the tax payment due date date to:

Office of Permitting and Taxation
Alcohol and Tobacco Tax and Trade Bureau
550 Main St., Ste. 8002
Cincinnati, OH 45202-5215

We'll use the postmark date to determine eligibility for consideration.

Paper Filers

On or before the due date, mail your tax return together with [TTB F 5600.38](#) and the supporting documentation listed above to:

Alcohol and Tobacco Tax and Trade Bureau
Excise Tax
P.O. Box 790353
St. Louis, MO 63179-0353

We'll use the postmark date to determine eligibility for consideration.


Note: Do not mail tax returns to Cincinnati.



All forms and documents must be signed by an individual who has legal authority to sign documents for the taxpayer.

- If signing authority or power of attorney forms are not already on file with TTB, you may send an amendment in [Permits Online](#) to have them added. (**Note:** If the amendment is pending when you send your request for an extension of time for paying tax, please reference the [Permits Online](#) tracking number.)
- Alternatively, you may send [Signing Authority](#) or [Power of Attorney](#) forms together with your request for an installment agreement.

Similarly, we can only discuss a request with an individual who has power of attorney or signing authority on file with TTB that authorizes such communication.

 CONTACT US

If you have questions about payment options, please contact us online, or call our toll-free number at 877-882-3277 (877-TTB-FAQS), Monday to Friday, 8 a.m. to 5 p.m. ET.

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- [TTB F 5000.24, Excise Tax Return](#)
- [TTB F 5000.25, Excise Tax Return - Alcohol & Tobacco \(Puerto Rico\)](#)
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- [TTB F 5300.26, Federal Firearms & Ammunition Excise Tax Return](#)
- [TTB F 5630.5t Special Tax Registration & Return - Tobacco](#)

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Waiver or Abatement of Penalties

If you can show that your inability to timely file, pay, and/or deposit taxes you owe was due to reasonable cause and not due to willful neglect, you or your authorized representative (power of attorney) can request that TTB waive or abate (i.e., forgive/remove) financial penalties incurred for being late.

Note: There is no provision in the law that allows TTB to waive tax liabilities or interest on unpaid or late-paid taxes.

+ What are the key points?

You can request an abatement of penalties if you have received a Notice and Demand letter or if you know that an assessment has been entered against you.

You can request a waiver of proposed penalties if you received a Notice of Proposed Assessment explaining that we plan to assess penalties, or if you know that you owe penalties, but you have not yet been contacted by us.

We may consider waiving or abating penalties if you can provide facts that demonstrate that there was reasonable cause for your failure to file a return and/or pay tax on time.

Generally, we will notify you within 30 days of receipt of all necessary information if we are approving or denying your request for waiver or abatement of penalties.

To learn more about tax penalties see 26 U.S.C. 6651, 26 U.S.C. 6656, 27 CFR 70.96(c), 27 CFR 70.97, 27 CFR 70.98(b), 27 CFR 70.103.

+ Do I qualify?

You must be able to demonstrate that your inability to timely file, pay, and/or deposit was due to reasonable cause, which means circumstances outside of your control prevented you from timely filing, paying, or depositing, such as a widespread municipal power outage or a fire at your facility.

Note: If your operations were affected by the effects of the COVID-19 pandemic or by a natural disaster, you must supply a specific description of the circumstances that made you unable to send your tax returns or payments on time.

+ How do I apply?

To request that TTB waive or abate penalties, you must send us a written request on company letterhead stationery that clearly describes the circumstances that prevented you from paying your tax and/or filing your return on time. Include documents or evidence to support your reasoning with your request.

The request must also include your Employer Identification Number (EIN) and the return period(s) impacted. If you are requesting relief after receiving a Notice of Proposed Assessment or Notice and Demand, include any reference number appearing in the upper right section of that document.

All requests must be signed under the following statement:

"I declare under the penalties of perjury that this request for [choose one: waiver / abatement] of penalties, including the documents submitted in support thereof, has been examined by me and, to the best of my knowledge and belief, is true, correct, and complete."

If you make a request before you receive a Notice of Proposed Assessment, we may ask you to send all required tax returns and operational reports before we process your request.

Mail the completed Form [5600.31](#) together with the applicable additional information to:
Alcohol and Tobacco Tax and Trade Bureau National Revenue Center
550 Main Street
Suite 8002
Cincinnati, OH 45202-5215

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All forms and documents must be signed by an individual who has legal authority to sign documents for the taxpayer.

- If signing authority or power of attorney forms are not already on file with TTB, you may send an amendment in [Permits Online](#) to have them added. (**Note:** If the amendment is pending when you send your request for a waiver or abatement of penalties, please reference the [Permits Online](#) tracking number.)
- Alternatively, you may send [Signing Authority](#) or [Power of Attorney](#) forms together with your request for a waiver or abatement of penalties.

Similarly, we can only discuss a request with an individual who has power of attorney or signing authority on file with TTB that authorizes such communication.



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Offer in Compromise of Tax Liability

If you are unable to pay your full tax liability, or paying in full would create significant financial hardship, or if you have a legitimate doubt that you owe part or all of the tax TTB says you owe, you or your authorized representative (power of attorney) may submit an Offer in Compromise to resolve your tax liability by paying an agreed-upon, reduced amount.

+ What are the key points?

An offer in compromise is an agreement between you and TTB that allows you to settle your tax liability for less than the full amount you owe.

Generally, you won't qualify for an Offer in Compromise if you can fully pay your liability through an [installment agreement](#) or other means. Explore all other payment options before submitting an Offer in Compromise.

TTB will consider an Offer in Compromise when there is legitimate doubt as to whether you actually owe the amount we determined is due (i.e., doubt as to liability), or when there is doubt that you will be able to pay the full amount due immediately or in the future (i.e., doubt as to collectability).

When there is doubt as to collectability, we generally seek an offer that represents the most we can expect to collect within a reasonable period of time. To make this determination, we review the financial information you submit with your offer and consider the amount of your bond (if any).

If we accept your Offer in Compromise, you have two options: 1) you must make a lump sum payment, or 2) you may request to make installment payments.

If we reject your offer you may propose an alternative amount.

To learn more about offers in compromise, see 26 U.S.C. 7122, 27 CFR 70.482.

+ Do I qualify?

If you are making an offer based on your inability to pay, you must be able to demonstrate that you have exhausted other options for paying your tax liability, or that paying the full amount will cause you significant financial harm.

If you are making an offer based on doubt as to liability, you must be able to provide evidence to establish doubt as to the amount of tax TTB says you owe.

To make an Offer in Compromise that includes installment payments (generally for a period not to exceed three years), you must be able to demonstrate your ability to make the established payments for the duration of the agreement and timely pay all taxes and file all applicable returns when due.

You must agree to the terms and conditions appearing on [TTB F 5640.1 Offer in Compromise](#).

You are not eligible if you are in an open bankruptcy proceeding.

+ How do I apply?

Complete [TTB F 5640.1 Offer in Compromise](#) including a thorough discussion of the facts and reasons for submitting the offer along with a justification for why TTB should accept the offer.

With very limited exception (see Note), you must submit payment with your offer.

- If you are making a lump-sum offer (any offer of payments made in 5 or fewer installments), the initial payment must be equal to 20% of the amount of the offer.
- If you are making a periodic payment offer, the initial payment must be equal to the first proposed installment payment.

Note: Under Section 1102 of the Taxpayer First Act, an individual taxpayer/sole proprietor whose adjusted gross income for the most recent taxable year did not exceed 250% of the applicable poverty level is not required to send payment with an offer.

If you are basing your offer on your inability to pay your full tax liability (doubt as to collectability), also send:

- Collection Information Statement (and any attachments required by that form)
 - Individual taxpayers use [TTB F 5600.17](#)
 - Businesses use [TTB F 5600.18](#)

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- The three most recent months of statements for all company financial accounts, such as checking, savings, money market, brokerage, etc.
- The three most recent months of statements for all real estate holdings and business assets with an encumbrance, such as a mortgage, lien, or other claim against the property by someone other than the owner.
- Copies of your current debt/loan agreements.
- Your latest balance sheet.
- Your latest profit and loss or income statement.
- Your last two federal (business) income tax returns.

Mail the completed TTB F 5640.1, Offer in Compromise, with payment, and the additional information required if you are asserting doubt as to collectability to:

Office of Permitting and Taxation
Alcohol and Tobacco Tax and Trade Bureau
550 Main St., Ste. 8002
Cincinnati, OH 45202-5215



All forms and documents must be signed by an individual who has legal authority to sign documents for the taxpayer.

- If signing authority or power of attorney forms are not already on file with TTB, you may send an amendment in [Permits Online](#) to have them added. (**Note:** If the amendment is pending when you send your request for an offer in compromise of tax liability, please reference the [Permits Online](#) tracking number.)
- Alternatively, you may send [Signing Authority](#) or [Power of Attorney](#) forms together with your or request an offer in compromise of tax liability.

Similarly, we can only discuss a request with an individual who has power of attorney or signing authority on file with TTB that authorizes such communication.

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