
# Types of Installment Agreements Available

**Guaranteed Installment Agreement-**

This IA is guaranteed to you under the law so it is easy to obtain. However, it is only for those taxpayers that owe 10,000 or less.

Understanding the specific requirements and what forms are required is important to get you started in the process of paying back your taxes over time.

This type of agreement usually is paid back over a 36 month period (three years) or generally by the Collection Statute Expiration Date.

**Streamlined Installment Agreement-**

This is an installment agreement option for businesses who owe the IRS $25,000 or less and individuals who owe the IRS $50k or less (including assessed penalties and interest), and/or who did not meet the Guaranteed Installment Agreement requirements.

The Payment Plan is usually over a period of up to 60 months (now 72 months for individuals who elect a DDIA with IRS Fresh Start Program enhancements announced 2/12) and the minimum monthly payment is typically calculated by taking the total amount of taxes you owe plus penalties and interest and then dividing it by repayment term.

It is usually recommended to check in with a professional.

**Financially Verified Installment Agreement-**

This is an installment agreement option for those taxpayers who currently owe the IRS $25,000 or more (now $50k or more with Fresh Start Update by IRS in February 2012) including penalties and interest) and/or who did not meet the Streamline Agreement requirements and/or monthly payments.

These types of Installment agreements are a bit trickier in the sense that will most likely need to have a professional help you with financial disclosure through the use of the Collection Information Statement (**433A** for individuals and **433B** for Businesses).

The 433A or 433B will show your income, assets and expenses for your household or business. Your monthly payment will be determined by what your Collection Information Statement illustrates what you can afford.

**Part Pay or Partial Payment Installment Agreement**-

This is an installment agreement that again is based on a verified financial statement but allows you to pay less or settle for less than you actually owe.

This is considered a settlement technique that is easier to obtain than a OIC and is a good alternative if your Offer In Compromise was rejected.

It was enacted by Congress in 2005. Again this installment is recommended if you do not meet other types of installment agreement requirements or minimum payments.

Your monthly payment is based on what your verified financial statement (updated every 2 years) says you have the ability to pay. You end up paying less than you owe because some of your tax debt is forgiven as the Collection Statute of Limitations becomes effective.

This is only a feasible option if you can prove financial hardship for tax debt that is unresolved and any assets you have, you are willing to use to reduce the amount you owe.

**Direct Debit IRS Installment Agreement (DDIA) –**

This could fall within the installment agreements described above. When you hear the phrase "direct debit installment agreement," that is generally referring to taxpayer who is paying monthly payments via direct debit…

You would want to setup this type of agreement if you have $25,000 or less and you want a tax lien withdrawn.

In other words, the IRS is deducting payments directly from your bank account and after a few successful payments the IRS will consider withdrawing the tax lien. In the case of a Payroll Deduction IA, the IRS would be deducting monthly payments directly from the taxpayer's wages or salary.