

## IRM PROCEDURAL UPDATE

**DATE: 07/25/2024**

**NUMBER: sbse-05-0724-0870**

**SUBJECT: Update of Reduced OPA DDIA User Fee Rate**

**AFFECTED IRM(s)/SUBSECTION(s): 5.19.1.6.4.6**

**CHANGE(s):**

**IRM 5.19.1.6.4.6, IA Payment Methods and User Fees (UF) Added Note to update the reduced user fee rates for OPA DDIA effective July 2024.**

(1) The following IA payment methods are available for the taxpayer:

- A **DDIA** is an IA where a taxpayer authorizes the IRS to request an electronic transfer of funds from their checking account or shared draft account to the IRS and is withdrawn on the same date every month. If the taxpayer maintains a checking account, encourage them to take advantage of a direct debit IA. See IRM 5.19.1.6.4.13, DDIA.
- A **PDIA** is an IA whereby a taxpayer authorizes their employer to send a specific amount to the IRS each pay period. If the taxpayer does not agree to a direct debit IA but is employed, encourage them to take advantage of the payroll deduction agreement. See IRM 5.19.1.6.4.14, Form 2159, Payroll Deduction Agreement. When it comes to User Fee rate, a PDIA is treated as a Regular IA.
- **IRS Direct Pay** is a payment application available to IMF taxpayers through IRS.gov. It is a free service that allows taxpayers to make electronic payments directly to the IRS from their checking or savings accounts. See IRM 21.2.1.48.2, IRS Direct Pay, for further information.
- **EFTPS** is a system designed to utilize Electronic Funds Transfer (EFT) to pay all federal taxes. See IRM 21.5.7.4.7.14, Electronic Federal Tax Payment System (EFTPS) and IRM 21.2.1.47, Electronic Federal Tax Payment System (EFTPS).
- **VanillaDirect** is a cash payment option available to taxpayers through <https://www.irs.gov/payments/pay-with-cash-at-a-retail-partner> and participating retail stores. It is a secure walk up cash payment method that converts cash payments to electronic transactions. It utilizes a barcode and retail locations to complete the transactions. See IRM 21.2.1.60, IRS VanillaDirect - Paying with Cash at a Retail Partner.
- Taxpayers may use credit cards to make IA payments to the United States Treasury by phone or internet. See IRM 21.2.1.48.5, Credit or Debit Card Payments (Pay by Phone or Internet).
- Taxpayers can make payment by check or money order. See IRM 5.19.1.2.7.1, Taxpayer Responsibilities - When Submitting Payments by Check or Money Order.

(2) Advise the taxpayer verbally or in writing that penalty and interest CONTINUE to accrue until the account is paid in full.

- a. Failure to Pay penalty is reduced to 1/4% per month for all accounts in an IA status which meet the criteria set forth in IRC 6651(h). The rate will also be reduced whenever a defaulted IA meeting such criteria is reinstated; for reduced penalty information see IRM 20.1.2.3.8.1.2, 1/4 Percent Penalty Rate - IRC 6651 (h).
- b. The penalty continues at the reduced rate while the account is in any ST 6X.

(3) In accordance with the law, each year the IRS mails a Computer Paragraph, CP 89, Annual Installment Agreement Statement, to every taxpayer with an IA. The annual statement provides:

- The initial balance(s) due at the beginning of the year,
- An itemized listing of payments made during the year,
- An itemized listing of penalties, interest and other charges, and
- The remaining balance at the end of the year.

(4) On February 9, 2018, the President signed into law the Bipartisan Budget Act of 2018 (Act). The Act amended IRC 6159 to provide certain limitations to IA user fees. The Act's amendments to IRC 6159 apply to IAs entered on or after April 10, 2018. In short:

- Caps user fee charges for IAs at the fee structure as of 2/9/2018.
- IA user fees will be waived for low-income taxpayers who agree to make electronic payments through a debit instrument.

**Note:** At this point, the **only** mechanism the IRS has in place in which the taxpayer may agree to make electronic payments through a debit instrument is a DDIA.

**Note:** CC IAGRE has been programmed to waive the user fee on a DDIA when the taxpayer meets the low-income threshold.

- IA user fees will be reimbursed to low-income taxpayers that are unable to make electronic payments through a debit instrument upon completion of the IA.

**Note:** At this point, the **only** mechanism the IRS has in place in which the taxpayer may agree to make electronic payments through a debit instrument is a DDIA.

**Note:** See IRC 6159(f) to review the full text.

(5) The purpose of an IA User Fee is for the IRS to recover costs of the services with administering the IA program to taxpayers. United States Code 9701 – as interpreted by Office of Management and Budget Circular A-25 – provides authority for the imposition of user fees. User fees are imposed for services pertaining to the entering into and monitoring of an IA and the restructuring or reinstating of an IA. See 26 CFR. 300.1.

#### **Current User Fee Rates:**

From ...	Through ...	Current User Fee Rates ...
April 10, 2018,	Present,	<p>a. Origination User Fee: Manual:</p> <ul style="list-style-type: none"> <li>○ Low-Income regular IA origination for Regular IA or PDIA - \$43, which may be reimbursed if certain conditions apply (see paragraph (13) below)</li> <li>○ Low-Income DDIA origination for DDIA's entered into on or after 4/10/2018 - \$0</li> <li>○ DDIA origination - \$107</li> <li>○ Regular IA or PDIA origination - \$225</li> </ul> <p><b>Note:</b> Beginning July 2024 the user fee will be \$178</p> <p>Online Payment Agreement (OPA):</p> <ul style="list-style-type: none"> <li>○ OPA Low-Income Regular origination - \$43 (see paragraph (13) below)</li> <li>○ OPA Low-Income DDIA origination for DDIA's entered into on or after 4/10/2018 - \$0</li> <li>○ OPA Regular origination: <ul style="list-style-type: none"> <li>▪ \$149 for IA's originated 1/8/2022 or earlier</li> <li>▪ \$130 for IA's originated 1/9/2022 or after</li> </ul> </li> </ul> <p><b>Note:</b> Beginning July 2024 the user fee will be \$69</p> <ul style="list-style-type: none"> <li>○ OPA DDIA origination - \$31</li> </ul> <p><b>Note:</b> Beginning July 2024 the user fee will be \$22</p> <p><b>Note:</b> Taxpayers <b>must</b> establish their IA through OPA to be eligible for the OPA user fees shown above.</p> <p>b. Reinstatement/Restructuring User Fee: Manual:</p> <ul style="list-style-type: none"> <li>○ Low-Income regular IA reinstatement/restructuring for Regular IA or PDIA - \$43, which may be reimbursed if certain conditions apply (see paragraph (13) below).</li> <li>○ Low-Income DDIA reinstatement/restructuring for DDIA's entered into on or after 4/10/2018 - \$0</li> <li>○ All other reinstatement/restructuring - \$89</li> </ul> <p>Online Payment Agreement (OPA):</p> <ul style="list-style-type: none"> <li>○ Low-Income regular IA reinstatement/restructuring (may be reimbursed if certain conditions apply (see paragraph (13) below)): <ul style="list-style-type: none"> <li>▪ \$43 for IA's reinstated or restructured on December 31, 2018 or earlier.</li> <li>▪ \$10 for IA's reinstated or restructured on January 1, 2019, or after.</li> </ul> </li> <li>○ All other reinstatement/restructuring: <ul style="list-style-type: none"> <li>▪ \$89 for IA's reinstated or restructured on December 31, 2018 or earlier.</li> <li>▪ \$10 for IA's reinstated or restructured on January 1, 2019, or after.</li> </ul> </li> </ul> <p><b>Note:</b> Taxpayers <b>must</b> establish their IA through OPA to be eligible for the OPA user fees shown above.</p> <p><b>Note:</b> See IRM 21.2.1.57, Online Payment Agreement (OPA) for IMF Debts, and IRM 21.2.1.57.1, Online Payment Agreements for Certain BMF Debts, for a list of the types of revisions that can and cannot be made through OPA.</p>

**Note:** See IRM 5.19.1.6.8, Online Payment Agreements (OPA).

**Note:** IDRS will systemically determine when the new rates apply based on when the IA is processed (or accepted). Ensure the appropriate IA Acceptance Date is entered when inputting the IA. Follow instructions in:

- Exhibit 5.19.1-6, IDRS Input of IAs, CC IAORG,
- Exhibit 5.19.1-7, IDRS Input of IAs, CC IAREV, or
- Exhibit 5.19.1-8, IDRS Input of Pre-assessed IAs and Short Term Payment Plans.

**Previous User Fee Rates:**

From ...	Through ...	Previous User Fee Rates ...
January 1, 2017,	April 9, 2018,	<p>a. Origination User Fee: Manual:</p> <ul style="list-style-type: none"> <li>○ Low-Income origination - \$43 (see paragraph (13) below)</li> <li>○ DDIA origination - \$107</li> <li>○ Regular IA origination - \$225</li> </ul> <p>Online Payment Agreement (OPA):</p> <ul style="list-style-type: none"> <li>○ OPA Low-Income Regular origination - \$43 (see paragraph (13) below)</li> <li>○ OPA Regular origination - \$149</li> <li>○ OPA DDIA origination - \$31</li> </ul> <p><b>Note:</b> Taxpayers <b>must</b> establish their IA through OPA to be eligible for the OPA user fees shown above.</p> <p>b. Reinstatement/Restructuring User Fee:</p> <ul style="list-style-type: none"> <li>○ Low-Income reinstatement/restructuring - \$43 (see paragraph (13) below)</li> <li>○ All other reinstatement/restructuring - \$89</li> </ul>
January 1, 2014,	December 31, 2016,	<p>a. Origination User Fee:</p> <ul style="list-style-type: none"> <li>○ Low-Income - \$43 (see paragraph (13) below)</li> <li>○ DDIA - \$52</li> <li>○ All others - \$120</li> </ul> <p>b. Reinstatement/Restructuring User Fee:</p> <ul style="list-style-type: none"> <li>○ All - \$50</li> </ul>

(6) Payment of an IA user fee posts to either MFT 13 (BMF) or MFT 55 (IMF). The user fee appears as a TC 360 and the payment as a TC 694. The Designated Payment Codes (DPCs) for the TC 694 are shown in the following table:

DPC	Definition
44	OPA - Direct Debit Origination User Fee (Retired - See IRM 3.11.10.6.10, Designated Payment Codes (DPCs))

DPC	Definition
45	OPA - IA User Fee (Retired - See IRM 3.11.10.6.10, Designated Payment Codes (DPCs))
46	OPA - IA Reduced User Fee (Reinstatement or Restructure User Fee) (Retired - See IRM 3.11.10.6.10, Designated Payment Codes (DPCs))
47	IA Reduced Origination User Fee (Retired - See IRM 3.11.10.6.10, Designated Payment Codes (DPCs))
48	Direct Debit Reduced Origination User Fee (Retired - See IRM 3.11.10.6.10, Designated Payment Codes (DPCs))
49	Direct Debit Origination User Fee (Retired - See IRM 3.11.10.6.10, Designated Payment Codes (DPCs))
50	IA User Fee (Initial Origination User Fee)
51	IA User Fee (Reinstatement or Restructure User Fee)
52	IA Reduced User Fee (Reinstatement or Restructure User Fee) (Retired- See IRM 3.11.10.6.10, Designated Payment Codes (DPCs))

(7) **The origination fee is established by regulation and is only waived for low-income taxpayers who agree under the IA to make electronic payments through a debit instrument (i.e. a DDIA or an online DDIA). The reinstatement/revision fee can only be waived for those reasons cited in paragraph (11) below.**

(8) **Normally, the user fee is non-refundable** even if the taxpayer

- Full pays the account prior to receiving their first **CP 521**, Installment Agreement Reminder Notice.
- The account is not immediately input on IDRS and not been updated to ST 60.

**Exception:** For IAs entered into on or after April 10, 2018, IA user fees will be *reimbursed* to low-income taxpayers that are unable to make electronic payments through a debit instrument upon completion of the IA.

(9) When the customer makes a payment, all of the money is initially applied to tax. The IA user fee Transfer Program "sweeps" all active IAs, coded as "user fee due", and moves the money from the tax account to an accounting fund for the IA user fee. This process is referred to as the User Fee Sweep and is done weekly; beginning 4 weeks after a TC 670 has posted to the account. The payment is reversed on the tax module with a TC 672 (Saturday Julian date) in the DLN of the credit transfer, from "001" through "365".

**Exception:** If during the sweep, there is not a sufficient amount of payment to cover the entire user fee amount, the user fee will not be taken at all during that sweep. (No partial amount will be taken, **until** there are sufficient payments to satisfy the **entire** user fee amount due).

**Reminder:** If the user fee sweep takes the user fee through multiple payments (as described above), the taxpayer's IA should remain in good standing as long as the taxpayer makes the required monthly payments.

(10) See the table below for when to charge a user fee.

**Exception:** The Act provides for the waiver of any IA user fees for low-income taxpayers who agree to make electronic payments through a debit instrument. The Act also provides for the reimbursement of any IA user fees to low-income taxpayers who are unable to make electronic payments through a debit instrument upon completion of the IA.

<b>If ...</b>	<b>And ...</b>	<b>Then ...</b>
The account is not in any ST 6X (IA status),	"This space intentionally left blank."	An origination user fee must be charged.
The IA was terminated,	"This space intentionally left blank."	An origination user fee must be charged.
The taxpayer requests to add another liability of more than \$200 to the IA,	The account balance is <b>more than deferral</b> ; for deferral levels, see IRM 5.19.1.2.6.1, Tolerance and Deferral - All Employees, <b>OR</b> it requires more than two additional monthly payments to full pay the balance due,	A reinstatement user fee must be charged.
A reinstatement request on a defaulted IA, ST 61, 64 or, 48 with an immediate prior ST 64, with an account balance above deferral level,	Unless otherwise specified in paragraph (11) below,  <b>Note:</b> The account balance has no effect on whether or not you charge a user fee.	A reinstatement user fee must be charged.
A revision to a current IA,	"This space intentionally left blank."	A reinstatement user fee must be charged.

(11) There are few instances when a user fee is waived. The user fee cannot be waived based on an individual decision from an IRS employee. The fee must be charged on all IAs except instances cited in the table below. When waiving the fee, enter a narrative on AMS.

<b>If ...</b>	<b>And ...</b>	<b>Then ...</b>
A Low-Income taxpayer agrees to DDIA,	The DDIA is established on or after 4/10/2018,	Waive the origination user fee.
The taxpayer requests to revise a payment date or a payment amount meeting SIA criteria; no CIS is required,	The account is in ST 60 or 63,	Waive the reinstatement user fee.
The taxpayer requests to add an additional liability to the IA,	The AAB (CC SUMRY), is <b>less than deferral</b> ; for deferral levels: see IRM 5.19.1.2.6.1, Tolerance and Deferral - All Employees,	Waive the reinstatement user fee; the computer automatically includes these balances without defaulting the IA or charging a user fee if the taxpayer does not contact us.

<b>If ...</b>	<b>And ...</b>	<b>Then ...</b>
The taxpayer requests to add an additional liability to the IA,	Full payment of the IA is only extended by two additional payments at the current monthly amount, <b>OR</b> the new balance due is \$200 or less,	Waive the reinstatement user fee.
The IA was transferred from another campus due to an address and CLC code change,	"This space intentionally left blank."	Waive the reinstatement user fee.
The taxpayer requests a Short Term Payment Plan for up to 180 days; the taxpayer is not requesting to make monthly payments. This is not an IA; therefore, no user fee is charged,	"This space intentionally left blank."	No fee is due, waive the origination user fee; see Exhibit 5.19.1-11, IA User Fee Codes.
The IA was erroneously defaulted by IRS,	"This space intentionally left blank."	Waive the reinstatement user fee.
The IA is reinstated after a bankruptcy is closed,	"This space intentionally left blank."	Waive the reinstatement user fee.
The IA is reinstated after a OIC is rejected, returned, withdrawn, or terminated,	"This space intentionally left blank."	Waive the reinstatement user fee.
The taxpayer had an IA established prior to entering a combat zone and now exited the Combat Zone,	"This space intentionally left blank."	Waive the reinstatement user fee.
Converting an IA to a DDIA,	"This space intentionally left blank."	Follow IRM 5.19.1.6.4.6.3, User Fee Payment Transfer/User Fee Abatements.

(12) Taxpayers meeting the established low-income criteria are identified systemically and the account systemically adjusted.

(13) If IDRS does not show the taxpayer qualifies for the Low-Income User Fee when the IA is granted, include a paragraph in the IA confirmation letter advising them of the Form 13844, Application for Reduced User Fee for Installment Agreements. Completed Form 13844, Application for Reduced User Fee for Installment Agreements, should be sent to:

<b>Mailing Address</b>	<b>PDS Mailing Address</b>
KCSC PO Box 219236, Stop 5050 Kansas City, MO 64121-9236	KCSC 333 W. Pershing Rd., Stop 5050 Kansas City, MO 64108-4302

**Caution:** Do not advise the taxpayer to submit Form 13844, Application for Reduced User Fee for Installment Agreements, to request a reduction or waiving of the user fee for any other reason, such as hardship or disagreement with the fee. Explain the legislative reason for the user fee. See paragraphs five (5) and seven (7), above.

(14) User Fee discrepancies appear on the IAAL in CSCO; for additional information, see IRM 5.19.10.10.12, IAAL Categories: **ORIGINATION FEE TRACKING, REINSTATEMENT FEE TRACKING, and DISHONORED CHECKS** (formerly **USER FEE ERROR LISTING**).

(15) These discrepancies are generally worked on the IAAL and are listed for accounts where there is:

- a. No IA
- b. User Fee Code inconsistent
- c. Duplicate original user fee
- d. Duplicate revision/reinstatement user fee