



# Internal Revenue Service IRS.gov

DEPARTMENT OF THE TREASURY

## Internal Revenue Manual

### Part 5. Collection Process

#### Chapter 14. Installment Agreements

#### Section 10. Payroll Deduction Agreements and Direct Debit Installment Agreements

#### 5.14.10 Payroll Deduction Agreements and Direct Debit Installment Agreements

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#### 5.14.10.1 (03-30-2002)

##### Overview

1. *This chapter provides procedures for processing Payroll Deduction agreements and Direct Debit installment agreements. Payroll deduction agreements are those agreements where employers deduct payments from taxpayer's wages, and mail them to the Internal Revenue Service. Direct Debit Agreements allow the Service to debit taxpayer's bank accounts.*

#### 5.14.10.2 (03-30-2002)

##### Payroll Deduction Agreements

1. The use of Form 2159, Payroll Deduction Agreement, should be encouraged when the taxpayer is a wage earner, particularly if the taxpayer defaulted on a previous installment agreement.
2. Private employers, states, and political subdivisions are not required to enter into payroll deduction agreements. Taxpayers should determine whether their employers will accept and process executed agreements before agreements are submitted for approval or finalized.
3. Comptroller General decision B-45105 (signed in 1955) requires Federal Agencies to deduct and pay over the amount shown on payroll deduction agreements.
4. Allow a reasonable period for the employer to complete the necessary bookkeeping and submit the first payment.
5. On balance due and ACS accounts, encourage taxpayers to hand deliver agreements to employers; otherwise mail agreements to employers. If taxpayers prefer the Service initiate this contact, it may be made if the taxpayer received Letter

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