

## Paying Your Taxes Online (IRS Direct Pay)

IRS Direct Pay (<https://www.irs.gov/Payments/Direct-Pay>) is the easiest way for individuals to pay their balance due online. IRS Direct Pay was created in 2014 as an easier alternative to the IRS' other online payment options (such as their EFTPS system which is better for businesses making employee withholding payments). IRS Direct Pay is free to use... here are some of its other features:



**No pre-registration required** – IRS Direct Pay does not require creation of a verified account so there are no PIN numbers, usernames, or passwords to remember (and no email address to provide).

**Easier verification** – Rather than making you create a verified account, IRS Direct Pay verifies your identity using numbers from a prior tax return... so have a copy of one of your prior tax returns on hand before getting started.

**Requires bank account information** – IRS Direct Pay withdraws funds directly from your bank account (checking or savings). As such, you must have a bank account number and routing number on hand before getting started. The system requires a U.S. ABA routing number (9 digits). Many international accounts do not have U.S. ABA routing numbers (for example, accounts with SWIFT Codes do not work with IRS Direct Pay).

**Schedule payments in advance** – IRS Direct pay allows taxpayers to schedule payments up to 30 days in advance. You cannot schedule multiple or recurring payments though (that's because IRS Direct Pay does not save your bank account information).

**Instant confirmation** – IRS Direct Pay gives you instant confirmation when your payment is processed. After your payment is confirmed you can look-up your scheduled or processed payments (remember to save your confirmation number if you want to look-up payments at a later date).

### **Limitations of IRS Direct Pay:**

**No credit cards** – IRS Direct Pay does not allow credit card payments. If you wish to pay your taxes with a credit card visit <https://www.irs.gov/uac/Pay-Taxes-by-Credit-or-Debit-Card> for more information (note: processing fees are charged for these third party services).

**Not good for some businesses** – Many businesses are required to make their withholding payments using the IRS's EFTPS system (EFTPS is much easier for multiple payments that occur frequently because it remembers your bank account information).

**Not idiot proof** – Careless taxpayers can still find ways to make mistakes on IRS Direct Pay. The easiest way to mess up your transaction is to select the wrong year (e.g. current tax year vs. prior years) or the wrong payment type (e.g. paying estimated tax vs. paying a balance due on a tax return). Ask your tax preparer which options to select for your payment type.

**Caution:** Like all online systems, IRS Direct Pay occasionally is down for maintenance and there can be "technical difficulties" messages after attempting a payment. Furthermore, IRS Direct Pay will "lock you out" if you fail to enter the verification data correctly. **So don't wait until the 11<sup>th</sup> hour** to make your payment because it may take a little longer than you think.