

PY-05 IRS Form 2159 Payroll Deduction Agreement

Purpose

The purpose of this job aid is to explain the proper way to complete and process IRS Form 2159.

General Information

PROCESS TITLE: Procedure for Completing IRS Form 2159 – Payroll Deduction Agreement

PROCESS OBJECTIVE: To provide instructions on completing IRS Form 2159 to initiate a payment installment agreement with the IRS through payroll deduction.

FREQUENCY: Whenever the IRS grants an employee the opportunity to enter a payroll deduction installment payment agreement.

An employee can contact the Internal Revenue Service (IRS) to request the installation of a payment agreement to avoid seizure of assets through frozen bank accounts, tax levies, etc. If granted, the IRS will send the employee a letter explaining the terms of the agreement and a three-part paper, Form 2159 – Payroll Deduction Agreement, which must be completed by the employee and BEST Shared Services, then sent to the IRS.

An image of the form is located at the end of this document.

Completion of the form begins with the employee, and the steps are detailed below.

Employee Responsibility

When the employee receives the letter and form, the employee should perform the following steps:

- If the form was received through the mail, make a copy of the accompanying IRS letter. The employee **MUST** send a copy of the IRS letter to BEST Shared Services because it contains the address to which the form is to be mailed, as well as remittance instructions and contact information.
- Complete the employee section of Form 2159 and send the completed form to BEST Shared Services.

How to complete Form 2159

The fields on the form that the employee must complete are listed below:

Section 1 TO: (Employer name and address)

- Print the name of your employer and the employer's address

Section 2 Regarding (Taxpayer name and address)

- Print your name and mailing address. (The IRS will mail the final form to the address shown in this box.)

Section 3 Contact Person's Name

- Taxpayer **DO NOT WRITE IN THIS SECTION.**
- Only the employer should complete this section.
- The Employer should fill in the Contact Person's Name. This allows the IRS to contact the employer if the employee's financial liability is satisfied ahead of time.

Section 4 Telephone (Include area code)

- Taxpayer **DO NOT WRITE IN THIS SECTION.**
- Only the employer should complete this section.

- The Employer should fill in the Contact Person's telephone number. This allows the IRS to contact the employer if the employee's financial liability is satisfied ahead of time.

Section 5 Social security or employer identification number
(Taxpayer) (Spouse, last four digits)

- Write your social security number or employer identification number.
- Be sure to use the number that appears on the notice(s) you received.
- If this is a joint liability, write the last four digits of your spouse's social security number in the space provided.

Section 6 EMPLOYER

- This section should be completed by the taxpayer employer identified in Section 1.
- The Taxpayer is not to write in this section.
- The employer should indicate frequency that payments will be forwarded to the IRS.
- The employer should then sign, print their title, and print the date of their signature.

Section 7 Debit Payments Self-Identifier

I am unable to make debit payments

- Mark this check box if you are unable to make electronic payments through a debit instrument.
- Before completing this section, Low income taxpayers should review Instructions to Taxpayer information with Form 2159.

Section 8 Kinds of taxes (Form numbers)

- Write the form number(s) that indicates the kind of taxes you owe.
 - The form number(s) is/are printed on the IRS letter you received.
 - For example, income taxes are reported on form 1040.

Section 9 Tax Periods

- Write the years for which you owe taxes.
 - This information is provided in the IRS letter you received.
 - Month and day are not required, only the year.

Section 10 Amount owed as of _____
\$ _____, plus all penalties and interest provided by law.

- Write the date shown on the letter you received from the IRS, or the date you spoke to the IRS.
- Using the letter from the IRS, write the amount you owe to the IRS.

Section 11 I am paid every (Check one):

☐ WEEK ☐ TWO WEEKS ☐ MONTH ☐ OTHER (Specify.) _____

- Mark the box that corresponds to the frequency you get paid.
 - If you are a biweekly employee, check the “TWO WEEKS” box.
 - If you are a monthly employee, check the “MONTH” box.

Section 12 I agree to have \$_____ deducted from my wage or salary payment beginning _____ until the total liability is paid in full. I also agree and authorize this deduction to be increased or decreased as follows:

- Write the amount you and the IRS agreed to have deducted from your pay.
- If the amount is written as a monthly deduction in the letter, but the employee is paid on a biweekly schedule use the following formula to calculate the correct per pay period deduction.

Image

$$\frac{(\text{monthly amount} \times 12 \text{ months})}{26 \text{ Biweekly pay period}}$$

- Write the date the deduction is to begin.
- Write the amount of an increase or decrease in the deduction amount, if you agreed to this with IRS; otherwise, leave BLANK.

Section 13 Date of increase (or decrease)

- If your agreement with the IRS states a future deduction change then complete the field with the date the deduction amount should begin.
- If no changes were negotiated, leave the field blank.
- If there are not enough rows on the form to accommodate the changes in Sections 13,14 and 15, then the garnishment processing team will use the information in the IRS letter to key the deduction amounts and the appropriate effective dates.

Section 14 Amount of Increase (or decrease)

- If your agreement with the IRS states a future deduction change then complete the field with the amount of the change. If the amount is a decrease, put parentheses around the amount.
- If no changes were negotiated, leave the field blank.

Section 15 New installment payment amount

- If your agreement with the IRS states that the deduction amount will change in the future, then write the new deduction amount in the field.
- If no changes were negotiated, leave the fields shown below.

Section 16 Your signature

- Sign the document just below the words “Your signature.”
- Form 2159 will not be processed if the employee has not signed the document.

Section 17 Date

- Date the document with the date your signature was recorded.

Section 18 Spouse's signature (If a joint liability)

- Your spouse must sign the document just below the words "Spouse's signature", if the amount owed is for a joint liability.

Section 19 Date

- Your spouse must write the date of their Signature, if the amount owed is for a joint liability.

When the employee has completed the form, all three-parts of the form **AND** the IRS letter must be sent to the Garnishment Team at BEST Shared Services:

BEST Shared Services
Attn: Garnishment Processing
1425 Mail Service Center
Raleigh, NC 27699-1425

This form and instructions apply only to employees/employers of the State of North Carolina whose payrolls are processed through the Integrated HR-Payroll System. If you are not associated with the State of North Carolina, you should research the [IRS website](#) to determine the appropriate location to which your Form 2159 and related payments should be mailed.

If you are an employee/employer for the State of NC, once the form is completed, retain a copy of the form and forward the entire original three-part form with the IRS agreement letter to:

BEST Shared Services
Garnishment Processing
1425 Mail Service Center
Raleigh, NC 27699-1425

Employer Responsibility

BEST Shared Services will complete the **Employer** portion of the form and submit the entire three-part form to the address provided on the IRS letter. If the form was not sent to the employee by mail, then BEST will send it to the location listed in the **For-Assistance** box. A copy will be retained as documentation to support processing the installment payment through the Integrated HR-Payroll System.

IRS Responsibility

The IRS will examine and approve the form. Once completed, they should send **Part 2 - Employer's Copy** to BEST Shared Services and **Part 3 - Taxpayer's Copy** to the employee.

Forms 2159

Images for the form 2159 Payroll Deduction Agreement are provided on the following pages.

IRS Copy

Image

Form **2159**
(July 2018)

Department of the Treasury — Internal Revenue Service
Payroll Deduction Agreement
(See Instructions on the back of this page.)

TO: (Employer name and address)

Regarding: (Taxpayer name and address)

Contact Person's Name

Telephone (Include area code)

Social security or employer identification number

(Taxpayer)

(Spouse, last four digits)

EMPLOYER — See the instructions on the back of Part 2. The taxpayer identified above on the right named you as an employer. Please read and sign the following statement to agree to withhold amount(s) from the taxpayer's (employee's) wages or salary to apply to taxes owed.

I agree to participate in this payroll deduction agreement and will withhold the amount shown below from each wage or salary payment due this employee. I will send the money to the Internal Revenue Service every: (Check one box.)

☐ WEEK ☐ TWO WEEKS ☐ MONTH ☐ OTHER (Specify.) _____

Signed: _____

Title: _____ Date: _____

Debit Payments Self-Identifier

If you are unable to make electronic payments through a debit instrument (debit payments) by entering into a direct debit installment agreement please check the box below:

☐ I am unable to make debit payments

Note: Not checking this box indicates that you are able but choosing not to make debit payments. See Instructions to Taxpayer below for more details.

For assistance, call: **1-800-829-0115** (Business) or
1-800-829-8374 (Individual – Self-Employed/Business Owners), or
1-800-829-0922 (Individuals – Wage Earners)

Or write: _____ **Campus**
(City, State, and ZIP Code)

Kinds of taxes (Form numbers)

Tax Periods

Amount owed as of _____
\$ _____, plus all penalties and interest provided by law.

I am paid every (Check one): ☐ WEEK ☐ TWO WEEKS ☐ MONTH ☐ OTHER (Specify.) _____

I agree to have \$ _____ deducted from my wage or salary payments beginning _____ until the total liability is paid in full. I also agree and authorize this deduction to be increased or decreased as follows:

Date of increase (or decrease)	Amount of Increase (or decrease)	New installment payment amount

Terms of this agreement—By completing and submitting this agreement, you (the taxpayer) agree to the following terms:

- You will make each payment so that we (IRS) receive it by the monthly due date stated on the front of this form. **If you cannot make a scheduled payment or accrue an additional liability, contact us immediately.**
- This agreement is based on your current financial condition. We may modify or terminate the agreement if our information shows that your ability to pay has significantly changed. You must provide updated financial information when requested.
- While this agreement is in effect, you must file all federal tax returns and pay any (federal) taxes you owe on time.
- We will apply your federal tax refunds or overpayments (if any) to the amount you owe until it is fully paid, including any shared responsibility payment under the Affordable Care Act.
- You must pay a \$225 user fee, which we have authority to deduct from your first payment(s). You may be eligible for a reduced user fee of \$43 that may be waived or reimbursed if certain conditions are met. See Form 13844 for qualifications and instructions.
- If you default on your installment agreement, you must pay a \$89
- We will apply all payments on this agreement in the best interests of the United States. Generally we will apply the payment to the oldest collection statute, which is normally the oldest tax year or tax period.
- We can terminate your installment agreement if:** You do not make monthly installment payments as agreed, you do not pay any other federal tax debt when due, or you do not provide financial information when requested.
- If we terminate your agreement, we may collect the entire amount you owe by levy on your income, bank accounts or other assets, or by seizing your property. You will receive a notice from us prior to termination of your agreement. **EXCEPTION:** We cannot collect the individual shared responsibility payment under the Affordable Care Act by levy on your income or seizure.
- We may terminate this agreement at any time if we find that collection of the tax is in jeopardy.
- This agreement may require managerial approval. We'll notify you when we approve or don't approve the agreement.
- We may file a Notice of Federal Tax lien if one has not been filed previously which may negatively impact your credit rating, but we will not file a Notice of

Employer Form 2159

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Form **2159**
(July 2018)

Department of the Treasury — Internal Revenue Service
Payroll Deduction Agreement
(See Instructions on the back of this page.)

TO: (Employer name and address)

Regarding: (Taxpayer name and address)

Contact Person's Name

Telephone (Include area code)

Social security or employer identification number

(Taxpayer)

(Spouse, last four digits)

EMPLOYER — See the instructions on the back of Part 2. The taxpayer identified above on the right named you as an employer. Please read and sign the following statement to agree to withhold amount(s) from the taxpayer's (employee's) wages or salary to apply to taxes owed.

I agree to participate in this payroll deduction agreement and will withhold the amount shown below from each wage or salary payment due this employee. I will send the money to the Internal Revenue Service every: (Check one box.)

☐ WEEK ☐ TWO WEEKS ☐ MONTH ☐ OTHER (Specify.) _____

Signed: _____

Title: _____ Date: _____

Debit Payments Self-Identifier

If you are unable to make electronic payments through a debit instrument (debit payments) by entering into a direct debit installment agreement please check the box below:

☐ I am unable to make debit payments

Note: Not checking this box indicates that you are able but choosing not to make debit payments. See Instructions to Taxpayer below for more details.

For assistance, call: **1-800-829-0115** (Business) or
1-800-829-8374 (Individual – Self-Employed/Business Owners), or
1-800-829-0922 (Individuals – Wage Earners)

Or write: _____ **Campus**
(City, State, and ZIP Code)

Kinds of taxes (Form numbers)

Tax Periods

Amount owed as of _____

\$ _____, plus all penalties and interest provided by law.

I am paid every (Check one): ☐ WEEK ☐ TWO WEEKS ☐ MONTH ☐ OTHER (Specify.) _____

I agree to have \$ _____ deducted from my wage or salary payments beginning _____ until the total liability is paid in full. I also agree and authorize this deduction to be increased or decreased as follows:

Date of increase (or decrease)	Amount of Increase (or decrease)	New installment payment amount

Terms of this agreement—By completing and submitting this agreement, you (the taxpayer) agree to the following terms:

- You will make each payment so that we (IRS) receive it by the monthly due date stated on the front of this form. **If you cannot make a scheduled payment or accrue an additional liability, contact us immediately.**
- This agreement is based on your current financial condition. We may modify or terminate the agreement if our information shows that your ability to pay has significantly changed. You must provide updated financial information when requested.
- While this agreement is in effect, you must file all federal tax returns and pay any (federal) taxes you owe on time.
- We will apply your federal tax refunds or overpayments (if any) to the amount you owe until it is fully paid, including any shared responsibility payment under the Affordable Care Act.
- You must pay a \$225 user fee, which we have authority to deduct from your first payment(s). You may be eligible for a reduced user fee of \$43 that may be waived or reimbursed if certain conditions are met. See Form 13844 for qualifications and instructions.
- If you default on your installment agreement, you must pay a \$89
- We will apply all payments on this agreement in the best interests of the United States. Generally we will apply the payment to the oldest collection statute, which is normally the oldest tax year or tax period.
- We can terminate your installment agreement if:** You do not make monthly installment payments as agreed, you do not pay any other federal tax debt when due, or you do not provide financial information when requested.
- If we terminate your agreement, we may collect the entire amount you owe by levy on your income, bank accounts or other assets, or by seizing your property. You will receive a notice from us prior to termination of your agreement. **EXCEPTION:** We cannot collect the individual shared responsibility payment under the Affordable Care Act by levy on your income or seizure.
- We may terminate this agreement at any time if we find that collection of the tax is in jeopardy.
- This agreement may require managerial approval. We'll notify you when we approve or don't approve the agreement.
- We may file a Notice of Federal Tax lien if one has not been filed previously which may negatively impact your credit rating, but we will not file a Notice of

Employer Form 2159 Instructions

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INSTRUCTIONS TO EMPLOYER

This payroll deduction agreement is subject to your approval. If you agree to participate, please complete the spaces provided under the employer section on the front of this form.

WHAT YOU SHOULD DO

- Enter the name and telephone number of a contact person. *(This will allow us to contact you if your employee's liability is satisfied ahead of time.)*
- Indicate when you will forward payments to IRS.
- Sign and date the form.
- After you and your employee have completed and signed all parts of the form, please return the parts of the form which were requested on the letter the employee received with the form. Use the IRS address on the letter the employee received with the form or the address shown on the front of the form.

HOW TO MAKE PAYMENTS

- ☐ Please deduct the amount your employee agreed with the IRS to have deducted from each wage or salary payment due the employee.
- ☐ Make your check payable to the "United States Treasury." To insure proper credit, please write your employee's name and social security number on each payment.
- ☐ Send the money to the IRS mailing address printed on the letter that came with the agreement. Your employee should give you a copy of this letter. If there is no letter, use the IRS address shown on the front of the form.

Note: The amount of the liability shown on the form may not include all penalties and interest provided by law. Please continue to make payments unless IRS notifies you that the liability has been satisfied. When the amount owed, as shown on the form, is paid in full and IRS hasn't notified you that the liability has been satisfied, please call the appropriate telephone number below to request the final balance due.

If you need assistance, please call the telephone number on the letter that came with the agreement or write to the address shown on the letter. If there's no letter, please call the appropriate telephone number below or write IRS at the address shown on the front of the form.

For assistance, call: 1-800-829-0115 *(Business)*, or
1-800-829-8374 *(Individual – Self-Employed/Business Owners)*, or
1-800-829-0922 *(Individuals – Wage Earners)*

Taxpayer Copy Form 2159

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Contact Person's Name

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Social security or employer identification number
(Taxpayer) (Spouse, last four digits)

EMPLOYER — See the instructions on the back of Part 2. The taxpayer identified above on the right named you as an employer. Please read and sign the following statement to agree to withhold amount(s) from the taxpayer's (employee's) wages or salary to apply to taxes owed.

I agree to participate in this payroll deduction agreement and will withhold the amount shown below from each wage or salary payment due this employee. I will send the money to the Internal Revenue Service every: (Check one box.)

☐ WEEK ☐ TWO WEEKS ☐ MONTH ☐ OTHER (Specify.) _____

Signed: _____

Title: _____ Date: _____

Debit Payments Self-Identifier

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1-800-829-8374 (Individual – Self-Employed/Business Owners), or
1-800-829-0922 (Individuals – Wage Earners)

Or write: _____ **Campus**
(City, State, and ZIP Code)

Kinds of taxes (Form numbers)

Tax Periods

Amount owed as of _____
\$ _____, plus all penalties and interest provided by law.

I am paid every (Check one): ☐ WEEK ☐ TWO WEEKS ☐ MONTH ☐ OTHER (Specify.) _____

I agree to have \$ _____ deducted from my wage or salary payments beginning _____ until the total liability is paid in full. I also agree and authorize this deduction to be increased or decreased as follows:

Date of increase (or decrease)	Amount of Increase (or decrease)	New installment payment amount

Terms of this agreement—By completing and submitting this agreement, you (the taxpayer) agree to the following terms:

- You will make each payment so that we (IRS) receive it by the monthly due date stated on the front of this form. **If you cannot make a scheduled payment or accrue an additional liability, contact us immediately.**
- This agreement is based on your current financial condition. We may modify or terminate the agreement if our information shows that your ability to pay has significantly changed. You must provide updated financial information when requested.
- While this agreement is in effect, you must file all federal tax returns and pay any (federal) taxes you owe on time.
- We will apply your federal tax refunds or overpayments (if any) to the amount you owe until it is fully paid, including any shared responsibility payment under the Affordable Care Act.
- You must pay a \$225 user fee, which we have authority to deduct from your first payment(s). You may be eligible for a reduced user fee of \$43 that may be waived or reimbursed if certain conditions are met. See Form 13844 for qualifications and instructions.
- If you default on your installment agreement, you must pay a \$200
- We will apply all payments on this agreement in the best interests of the United States. Generally we will apply the payment to the oldest collection statute, which is normally the oldest tax year or tax period.
- We can terminate your installment agreement if:** You do not make monthly installment payments as agreed, you do not pay any other federal tax debt when due, or you do not provide financial information when requested.
- If we terminate your agreement, we may collect the entire amount you owe by levy on your income, bank accounts or other assets, or by seizing your property. You will receive a notice from us prior to termination of your agreement. **EXCEPTION:** We cannot collect the individual shared responsibility payment under the Affordable Care Act by levy on your income or seizure.
- We may terminate this agreement at any time if we find that collection of the tax is in jeopardy.
- This agreement may require managerial approval. We'll notify you when we approve or don't approve the agreement.
- We may file a Notice of Federal Tax lien if one has not been filed previously which gives notice of your tax debt to creditors, but we will not file a Notice of

Taxpayer Instructions Form 2159

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INSTRUCTIONS TO TAXPAYER

If not already completed by an IRS employee, please fill in the information in the spaces provided on the front of this form for the following items:

- Your employer's name and address
- Your name(s) (plus spouse's name if the amount owed is for a joint return) and current address.
- Your social security number or employer identification number. (Use the number that appears on the notice(s) you received.) Also, enter the last four digits of your spouse's social security number if this is a joint liability.
- If you are a low-income taxpayer you would qualify for the waiver of your installment agreement fees if you agreed to make electronic payments through a debit instrument (debit payments) by entering into a direct debit installment agreement. This payroll deduction agreement is not a direct debit installment agreement and you are not making debit payments under this agreement. However, if you indicated in the Debit Payments Self-Identifier section of this agreement that you are unable to make debit payments by entering into a direct debit installment agreement, then your installment agreement fees will be reimbursed upon completion of your agreement. Low-income taxpayers, for installment agreement purposes, are individuals with adjusted gross incomes, as determined for the most recent year for which such information is available, at or below 250% of the criteria established by the poverty guidelines updated annually by the U.S. Department of Health and Human Services.
- The kind of taxes you owe (form numbers) and the tax periods
- The amount you owe as of the date you spoke to IRS
- When you are paid
- The amount you agreed to have deducted from your pay when you spoke to IRS
- The date the deduction is to begin
- The amount of any increase or decrease in the deduction amount, if you agreed to this with IRS; otherwise, leave BLANK

After you complete, sign (*along with your spouse if this is a joint liability*), and date this agreement form, give it to your participating employer. If you received the form by mail, please give the employer a copy of the letter that came with it.

Your employer should mark the payment frequency on the form and sign it. Then, your employer should return the parts of the form which were requested on your letter or return Part 1 of the form to the address shown in the "For assistance" box on the front of the form.

If you need assistance, please call the appropriate telephone number below or write IRS at the address shown on the form. However, if you received this agreement by mail, please call the telephone number on the letter that came with it or write IRS at

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