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THE TAX LAWYER

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IRS Starts Accepting Cash For Taxes. No Joke

The IRS [wants your cash](#). Well, check, credit card, wire, too. But now, it looks like you can bring them a suitcase full of money. A bag of coins might not be so welcome. This was NOT announced on April Fools Day. And the IRS says it is offering the [cash deal](#) in partnership with ACI Worldwide's OfficialPayments.com and the PayNearMe Company. As a result, individual taxpayers can now [make a payment without a bank account or credit card](#) at over 7,000 7-Eleven stores nationwide. As the IRS Commissioner put it:

- 6 We continue to look for new ways to provide services for our taxpayers. Taxpayers have many options to pay their tax bills by direct debit, a check or a credit card, but this provides a new way for people who can only pay their taxes in cash without having to travel to an IRS Taxpayer Assistance Center."



(Photo by Tim Boyle/Getty Images)

So, if the IRS ~~wipes~~ recycles your hard drive, cheer up. Pay the IRS in cash. Individuals wishing to take advantage of the new cash payment option should visit the IRS.gov [payments](#) page, select the cash option in the other ways you can pay section and follow the instructions:

- Taxpayers will receive an email from OfficialPayments.com confirming their information.
- Once the IRS has verified the information, PayNearMe sends the taxpayer an email with a link to the payment code and instructions.
- Individuals may print the payment code provided or send it to their smart phone, along with a list of the closest 7-Eleven stores.
- The retail store provides a receipt after accepting the cash and the payment usually posts to the taxpayer's account within two business days.
- There is a \$1,000 payment limit per day and a \$3.99 fee per payment.

Note that PayNearMe involves a three-step process. Thus, the IRS urges taxpayers choosing this option to start the process well ahead of the tax deadline to avoid interest and penalty charges. Of course, a few taxpayers may scratch their heads and say they thought the IRS said dealing in cash was bad? Sure, with some merchants, [paying in cash](#) could entitle you to a discount, or encourage you not to spend too much. Employees, independent contractors, merchants and vendors might smile if you hand over cash instead of a check or plastic.

But be careful. There is special cash reporting, on IRS [Form 8300 for reporting cash payments over \\$10,000](#). Wouldn't it be gratifying to issue the IRS one of these forms? The IRS even has a list of [FAQs regarding reporting cash](#). And don't forget about receipts and tax records. Receipts are critical to good book-keeping and tax returns. Still, if you have [no receipts, one tax case says they're optional!](#) Even so, what about employment taxes?

There, too, the IRS wants its cut. The IRS takes all taxes seriously, but employment taxes can be even particularly sensitive. Much of the money is actually the IRS's money held in trust, so skirting employment taxes can be even more serious than skirting income taxes. Employers have to withhold income taxes and FICA taxes from wages, and promptly pay them to the IRS. There are quarterly and annual employment tax forms too.

PayNearMe is available at participating 7-Eleven stores in 34 states. Most stores are open 24 hours a day, seven days a week. For details about PayNearMe, the IRS offers a list of frequently asked questions on IRS.gov. The IRS reminds individuals without the need to pay in cash that [IRS Direct Pay](#) offers the fastest and easiest way to pay the taxes they owe. If you prefer plastic to cash, the IRS has been partnering with Official Payments since 1999 for taxpayers wanting to use a credit card to pay taxes. Check [IRS.gov/payments](#) for the most current information.

Does all of this make scams more likely? It is hard to tell. But the IRS does keep issuing cautions, and that is important. The IRS tells taxpayers to watch out for email schemes. Taxpayers will only receive an email from OfficialPayments.com or PayNearMe if they have initiated the payment process. The IRS reminds taxpayers who haven't taken this step to be watchful of any emails they receive saying there are tax issues involving the IRS or from others in the tax industry.

For alerts to future tax articles, email me at Wood@WoodLLP.com. This discussion is not legal advice.