

## Don't Pay Triple-digit Interest to Borrow Your Own Tax Refund

### “Fast Cash Refunds, SuperFast Cash, Instant Money” are Really Loans

- Loan fees to borrow against your tax refund or Earned Income Tax Credit are typically \$29 to \$89 or 67% to 774% annual interest rate just to get cash a few days faster than you can get your tax refund from the IRS.
- The total cost to prepare taxes, file electronically, borrow the average refund, and pay to have the check cashed can cost \$267.
- If the IRS denies your tax filing, you run the risk of having to pay back the loan directly. This may hurt your credit rating and subject you to debt collection harassment.
- Get free tax assistance through the IRS Volunteer Income Tax Assistance (VITA) program which operates with IRS-trained volunteers and can be found in libraries, community centers, and other locations during this time of year.
- For the nearest VITA site, call the IRS toll free at (800) TAX-1040 or contact AARP at (888) 227-7669. AARP's Tax-Aide project staffs volunteer tax sites for low and moderate-income consumers. Search for local sites at [www.aarp.org/taxaide/](http://www.aarp.org/taxaide/) and click on “find the tax help center nearest you.”
- Think about whether you need your tax refund immediately, or whether you can wait a few weeks to save yourself some money. If you have a bill that needs to be paid, can you ask for an extension of a few weeks until you get your tax refund without an expensive loan?
- File your taxes electronically to speed up your refund and have the IRS direct deposit the refund to your bank account. You can get a refund in only about 10 days without paying extra for a loan from your tax preparer. Some VITA sites can file taxes electronically.
- If you don't have a bank account, open one up to take advantage of direct deposit. If you receive a federal benefit, such as Social Security or SSI, open an ETA account, a low cost, federally regulated account available at many banks around the country. Some ETA accounts permit consumers to deposit other funds, such as a tax refund, into the account. The banks that make ETAs available are listed at [www.fms.treas.gov/eta](http://www.fms.treas.gov/eta) or [www.eta-find.gov](http://www.eta-find.gov).
- Avoid check cashers and shop for the lowest cost method of cashing your refund check. Commercial check cashers charge up to 10% of the total check. If you receive a \$1600 EITC refund, the check casher may charge up to \$160 to give you cash.

Advice for taxpayers and Earned Income Tax Credit recipients provided by:

Consumer Federation of America

National Consumer Law Center