

# Tax refund products

Understand your options if a tax preparer offers you a tax refund product like a refund advance loan or a refund anticipation check.

## What are refund advances?

Refund advances are loans that allow you to get a portion of your expected refund when you submit your tax return. The loan amount is based on your expected tax refund amount. This product is offered by some companies who offer tax preparation services. The fees and terms for these loans vary greatly. If you are considering a loan, review the terms carefully.

**Paying back the loan:** The tax preparer will repay your loan directly from your refund, and return any extra money to you. If your refund is less than the amount you borrowed, or you don't receive a return, you will still have to pay the loan back to the tax preparer. Be sure to find the repayment terms if your refund does not cover the cost of the loan.

**Remember!** The tax preparers will also charge you a fee for preparing your tax returns. This is separate from the refund advance- you will have to pay it back.

## Paying fees from your refund - refund anticipation checks

Tax preparers and preparation software often offer to deduct preparation fees from your tax refund. When they do, they usually offer a "refund transfer" or refund anticipation check (RAC). If you agree to an RAC, you typically pay a fee of \$30 to \$50



to delay paying the cost of the tax preparation services. The tax preparation charges and the fee for the RAC itself will be deducted from your refund before you receive your money.

## Prepaid refund cards

Preparers may suggest receiving your refunds on a prepaid card. The fees associated with these cards vary greatly depending on the provider. Many will charge fees for out-of-network ATMs, so it is important to determine if the card is convenient for you.

## Direct deposit

Direct deposit of your refund to your existing bank or credit union account is safe and convenient. You have the option of direct deposit even when using the refund advance or refund check. If you have a prepaid card that you regularly use,

you may be able to direct deposit into it. Don't have a bank account? **Find one right for you at [fdic.gov/getbanked](http://fdic.gov/getbanked).**

## Get free, IRS-certified tax preparation

Many taxpayers qualify for free assistance from programs like IRS VITA or AARP Tax-Aide. These preparers are certified by the IRS. Their quality is unsurpassed as measured by IRS quality reviews. And many taxpayers get their refunds from the IRS in 10 to 21 days. Waiting a week or two can save you money.

You can access these volunteers in your community or online.

Find a site near you:

- Go to [irs.gov](http://irs.gov) and search for "Free Tax Return Preparation"
- Go to [AARP.org](http://AARP.org) and search for 'Tax-Aide Locator'

File online with help:

- Go to [GetYourRefund.org](http://GetYourRefund.org) for online tax preparation by IRS-certified preparers
- Go to [MyFreeTaxes.com](http://MyFreeTaxes.com) to prepare your own tax return with assistance from IRS-certified preparers

## Choosing a preparer

If you decide to use a fee-based tax preparer, consider these factors when selecting a tax preparer.

- **Check the preparer's qualifications.** Go to [irs.gov](http://irs.gov) and search for "directory of return preparers."
- **Check the preparer's history.** You can ask the local Better Business Bureau about the preparer.

- **Ask about service fees.** Be wary of preparers who promise bigger refunds than their competition.
- **Make sure the preparer is available after the April 15 due date for tax filing.** You may need additional help after your taxes are filed.
- **Your tax documents, such as W-2s, are your records.** Preparers cannot keep these documents or your ID to force you to use their service. If you file using their service, however, they will need copies for their records.
- **Ensure the preparer signs the return and includes their Preparer Tax Identification Number (PTIN).** By law, they must do so on tax returns they file.

If you have a problem with refund advances, refund checks, prepaid cards, or other financial products and services you can submit a complaint to the CFPB at: [consumerfinance.gov/complaint](http://consumerfinance.gov/complaint).

To file a complaint with the IRS against a tax return preparer or tax preparation business. Search for 'Form 14157, Complaint: Tax Return Preparer' on [irs.gov](http://irs.gov).

## About us

The Consumer Financial Protection Bureau is a 21st century agency that implements and enforces federal consumer financial law and ensures that markets for consumer financial products are fair, transparent, and competitive.

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2 of 2