

**If they make an error or your refund is otherwise denied by the IRS, you will owe the RAL provider.**

If the lender does not get the full amount of the anticipated refund, you will owe money to the RAL provider. This will hurt your credit rating and subject you to debt collection harassment. You may even lose the right to receive your income tax refund next year.

**A RAL preparer may charge you four different fees for their service.**

The company preparing your income tax return will charge you a fee for filling out your income tax return, for filing the return, another fee on behalf of the lender for making the underlying loan, and then a fee to cash your income tax refund check. All of these fees are charged in addition to the interest rate.

**Most rapid refund/RAL lenders put clauses in their loan documents to stop you from suing them.**

Because RAL lenders have been sued a lot for their tactics, they have begun to put clauses in their contracts which take away the consumer's rights to sue them if the lender does something illegal. This means the RAL lenders can do anything they want to make you pay the money without concern they will be sued for illegal practices.

## Community Legal Services of Mid-Florida

**BREVARD — (866) 469-7444**

**CITRUS & SUMTER**

**106 N. Osceola Ave.**

**Inverness, FL 34450**

**(352) 726-6592 — CITRUS**

**(800) 984-2918 — SUMTER**

**FLAGLER—(800) 405-1417**

**PUTNAM—(386) 385-0928**

**216 S. 6th St., Palatka, FL 32177**

**HERNANDO — (866) 801-5566**

**LAKE— (352) 343-6351**

**226 West Main St., Tavares, FL 32778**

**MARION— (352) 629-6257**

**2300 SE 17th St, Ocala, FL 34474**

**ORANGE — (407) 841-7777**

**122 E. Colonial Drive, Suite 200**

**Orlando, FL 32801**

**OSCEOLA — (407) 847-0053**

**800 North Main St., Kissimmee, FL 34744**

**SEMINOLE — (407) 322-6673**

**315 Magnolia Ave., Sanford, FL 32771**

**VOLUSIA — (386) 258-5600**

**128 Orange Ave., Suite 100**

**Daytona Beach, FL 32114**

**[info@clsmf.org](mailto:info@clsmf.org) [www.clsmf.org](http://www.clsmf.org)**

**If you have more questions about choosing a tax return preparer, please call the CLSMF Low Income Taxpayer Clinic toll free at**

**1-866-886-1799.**

## *Refund Anticipation Loans*



### **Reasons Why you Should Avoid Refund Loans**

### **Community Legal Services of Mid Florida**

#### **Low Income Taxpayer Clinic**

The Low Income Taxpayer Clinic (LITC) is funded by a grant from the Internal Revenue Service and in part by The Florida Bar Foundation with Interests on Trust Accounts Program funding.

**NOTE: This information cannot take the place of advice from a lawyer. Each case is different and needs individual legal advice. You should contact a lawyer or tax professional if you need representation or have questions on a tax matter.**



## **A Rapid Refund or Refund Anticipation Loan is an expensive loan!**

Radio and television advertisements give consumers the impression that rapid refunds or refund anticipation loans (or RALs) are quick and easy ways to get your income tax refund early. They say RALs are also a quick and easy way to pick up a few extra dollars. After reading this brochure, you will find there is a great deal more to a RAL than those advertisements reveal. These transactions are very risky and expensive loans.

### **They have high interest rates!**

Regardless of what you call it, all of these transactions are really loans with really high interest rates and other costs. The rates start as high as 67% and can go as high as 774%. You are also charged fees and costs in addition to interest. These loans are expensive, even though the loan is usually only for ten days.

### **You can get your refund almost as quickly on your own!**

The IRS now allows taxpayers to file electronically, which can lead to quick refunds. A taxpayer does not need to use a commercial income tax preparer to file electronically. In fact, you can have your income tax return

prepared and electronically filed for free! If you file your taxes by computer, and your refund is sent directly to your bank account, you should get it in about 14 days. If you prefer to have the check mailed to you, it will take about 21 days.

### **There is no reason to pay someone to prepare and file your income tax return. VITA/TCE will help you prepare the return and will file it electronically for free.**

The Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TC) programs will help you prepare and file your tax return for FREE. They can even help you file your return electronically. You can contact the VITA program at 1-888-227-7669. You locate the closest TCE program by calling 1-800-829-1040.

### **If the company preparing your income tax return makes an error, you are still responsible to pay.**

If the company preparing your income tax return for you makes an error, you will be responsible for the error. If an error is made, you may also have to pay fines and penalties to the IRS and, also, to the RAL provider.

## **Many returns seeking an Earned Income Credit are denied when filed by a commercial income tax preparer.**

Of the returns requesting an Earned Income Tax Credit in 1999, 44% of those containing math errors were prepared by commercial income tax preparers. Commercially prepared returns accounted for 55% of the math error adjustments in which the Earned Income Tax Credit was partially or fully denied. You may lose valuable Earned Income Tax Credits, family income tax credits, or other valuable income tax exemptions by getting a RAL.

### **Often, the lenders do not disclose the amount of interest and fees they are charging.**

Lenders are required to disclose the amount of interest and other fees they are charging, but they are not always upfront about it.

It is difficult to tell how much the loan is costing without full information from the lender.

