



State of Wisconsin  
Governor Scott Walker

**Department of Agriculture, Trade and Consumer Protection**  
Ben Brancel, Secretary

**Department of Revenue**  
Richard G. Chandler, Secretary



Release Date: January 26, 2012

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## **“Quick” Tax Refunds May Be Costly Loans**

MADISON – If a W-2 is waiting in your mailbox, you probably want to get your hands on your tax refund as quickly as possible. If you are thinking about taking advantage of an advertised service that offers “instant tax refunds” or “quick money,” you may want to reconsider.

“A quick tax refund may sound tempting, but it will cost you plenty in fees and interest,” said Sandy Chalmers, Division Administrator of Trade and Consumer Protection. “That quick refund may end up being more costly than waiting for your check.”

These quick refunds are usually loans called “refund anticipation loans” (RALs). With these services, a tax preparer will determine your potential tax refund and offer you a loan for that amount, less the cost of interest and loan fees. When the government sends your actual refund check, it is direct deposited into the bank that made the loan.

Besides losing a chunk of your refund to application and check cashing fees, the loan you receive may carry an extremely high annual percentage interest rate ranging from 70% to 700%. If the government deducts expenses such as unpaid child support or traffic tickets from your tax return, you may not receive the refund you expected and you will be required to pay the bank the difference at those high interest rates. If you cannot repay your loan, it can hurt your credit ratings and you may face litigation and garnishment of wages.

"If you want to receive your refund quickly, we suggest you e-file your tax return," said Secretary Richard G. Chandler, Wisconsin Department of Revenue Secretary. "You can have your refund directly deposited into your bank account within days, and there are free tax preparation sites across the state that can assist low-income residents, seniors, people with disabilities and veterans with e-filing their taxes."

Americans pay nearly \$1.4 billion in RAL costs and fees every year. By avoiding these “quick cash” services and planning ahead for their returns, taxpayers could receive the full amount they are due and not have to face the threat of painful interest payments.

To avoid the high cost and risks of RALs, the Wisconsin Department of Agriculture, Trade and Consumer Protection and the Wisconsin Department of Revenue offer the following advice:

- **E-file your return with direct deposit** – E-file your tax returns and have the refund deposited directly into your bank account. The Wisconsin Department of Revenue’s website ([revenue.wi.gov](http://revenue.wi.gov)) offers free e-filing for state taxes and provides a link to web-based federal tax filing options.

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- **Open a bank account if you do not already have one** – Taxpayers without a checking account should open one at a local bank or credit union so that you can have your refund directly deposited. Often an account can be opened with as little as a \$5 or \$10 deposit.
- **Plan ahead** – Direct deposit refunds can take as few as 7-10 days for the refund to be deposited into the taxpayer's account. If you have an urgent bill to pay, tell your creditor that you've e-filed your return and that you expect your refund soon.
- **Avoid check cashers** – If you receive a refund check rather than a direct deposit, cash the check at the bank that holds your checking account to avoid hefty check cashing fees.
- **Use a VITA site to get your tax return prepared and filed** – If you need help filing your tax return, call 2-1-1 to find a Volunteer Income Tax Assistance (VITA) or Tax Counseling for the Elderly (TCE) site in your area. These sites help low-to-moderate income residents, seniors, veterans and people with disabilities prepare and e-file their tax returns.

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