

# Refund Anticipation LOANS (RALs)

WHAT CONSUMERS SHOULD KNOW ABOUT “FAST” or “INSTANT” REFUNDS.

consumer *brief*

Consumers may be offered “fast” or “instant” refunds by their tax preparers. When considering whether this option is right for you, remember these facts:

- The “fast” or “instant” refund is NOT the refund issued to you by the Internal Revenue Service (IRS). It is a loan carrying fees and high-interest rates that you pay for.
- The loan is secured by your IRS refund.
- Your refund will be SMALLER because the person providing the loan will take out fees.



Before signing up for a “fast” or “instant” refund, remember to ASK about the:

- Annual percentage rate of the loan;
- Maturity date of the loan; and
- Schedule of all charges and fees;
- Charge for electronic filing.

**REFUND ANTICIPATION LOANS ADVERTISED AS “FAST” OR “INSTANT” REFUNDS COST TAXPAYERS \$738 MILLION IN 2008.** (1)

*Need a fast refund?* Consider filing your tax return with the IRS by computer. Your refund can be directly deposited into your bank account by the IRS, eliminating the need to mail a refund check to you.

**USING ONLINE FILING AND DIRECT DEPOSIT, YOU CAN RECEIVE YOUR REFUND IN AS FEW AS 10 DAYS.** (2)

Refund waiting times vary, depending on factors such as filing method, filing date and the volume of returns being processed. If a taxpayer is due a refund, the waiting time for e-filers is half that of paper filers. According to the IRS, your wait time will be cut from six weeks to three (or less) if you file electronically. Additionally, you can monitor your refund status beginning just 72 hours after the IRS acknowledges receipt of your e-filed return, or three to four weeks after mailing a paper return. Just click the “where’s my refund” icon at [www.irs.gov](http://www.irs.gov).

(1) Source: The National Consumer Law Center and Consumer Federation of America.

(2) Source: IRS

800-242-5846 › New Jersey Division of Consumer Affairs  
[www.NJConsumerAffairs.gov](http://www.NJConsumerAffairs.gov)

