

ALERT:

“Instant Refund!”

Tax Refund Loans - Sweet Deal? Or Money Trap?

Many tax preparers offer products to get your tax refund immediately, instead of having to wait for the IRS to send it. These products are actually loans – the tax preparer is loaning you money and taking your IRS refund to repay the debt you owe on the loan.

For consumers looking to get their refund as soon as possible, this might seem like a great option. But these loans are not free. Consumers should carefully consider the cost in interest and fees they are paying by taking out one of these loans – it may not be worth it.

1. Refunds don’t actually take that long

- For electronically filed returns (most preparers use this), the IRS can issue a refund by direct deposit in as little as 2 weeks.
- Worried your refund will take longer because you don’t have a bank or credit union account? Find safe and affordable account options with Bank On Burque.
<https://www.cabq.gov/legal/bank-on-burque>.

2. Make sure you understand the interest and fees on the loan

- Tax Preparers are required to tell you how much fees and interest they are charging on refund loans, including the APR on the loan (the overall percentage cost you are paying to get your refund money early). If you don’t see the disclosure on your paperwork, ask the tax preparer to show and explain it to you. Ask how much your refund will be if you don’t take the loan to determine the total cost of the loan.

3. You aren’t required to take the instant refund option

- Tax Preparers are not allowed to require you to take out a refund loan. You always have the right to receive your full refund directly from the IRS.

For more information about your rights in tax preparation, visit [Consumer Rights Information — City of Albuquerque \(cabq.gov\)](#)

Have a problem with a tax preparer?

Report it to the City of Albuquerque Office of Consumer Protection online at <https://www.cabq.gov/office-of-consumer-protection> or by calling 311.

To see other Consumer Alerts visit: <https://www.cabq.gov/office-of-consumer-protection>

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