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Tax refund loans can be high cost, unnecessary *Oregonians can get fast refunds and save money by e-filing*

(Salem) — The prospect of receiving your tax refund right away can be tempting, particularly when money is tight. But taking out so-called refund anticipation loans (RALs) is costly, Oregon agencies warned today. A better option is to file your tax returns electronically. People who e-file usually receive their tax refunds in five to 10 days. If you qualify for free e-filing, you won't even pay filing fees.

“Refund anticipation loans, like other high-cost loans, are often targeted to Oregon's most vulnerable populations — those with low income or high debt,” said Cory Streisinger, director of the Department of Consumer and Business Services. “You work hard to earn your income — don't give your refund away by paying exorbitant loan fees.”

Similar to payday loans, RALs are loans based on your anticipated income tax refund and often include extremely high interest rates and fees. Tax return preparers sometimes advertise RALs using terms such as “Rapid Refund,” “Fast Cash Refund,” “Express Money,” and “Instant Refund.” Not only are these high-cost loans, but if you do not receive your refund or if it is smaller than anticipated, you will have to repay the full loan.

The Oregon Department of Revenue encourages Oregonians to file their taxes electronically instead. People who e-file — and have their refund deposited into their bank account — often get their refunds five to 10 days after they file.

While e-file software providers charge a fee to file your returns, many also offer free e-filing options if you meet certain conditions.

“Most Oregonians qualify for free e-filing,” said Department of Revenue Director Elizabeth Harchenko. “If you haven't e-filed before, consider trying it this year.”

Information about free e-filing is available at www.oregon.gov/DOR/ESERV/freefile.shtml.

About 8.4 million American taxpayers took out refund anticipation loans in 2008, paying \$738 million in loan fees and more than \$68 million in other fees, according to the National Consumer Law Center and the Consumer Federation of America.

Anyone preparing income taxes for pay in Oregon must be licensed, and only tax consultants — not tax preparers — both of whom are licensed by the Oregon Board of Tax Practitioners, may offer RALs. Always insist on seeing your tax practitioner's license or check to see that he or she is a licensed tax consultant by visiting www.oregon.gov/OTPB, Licensee Look-Up.

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