



## Efforts to regulate refund anticipation loan practices

IRS regulations require commercial tax preparers to:

- disclose the loan fees and interest rates for the RAL;
- make sure people know that they can file their return electronically without applying for the RAL, how much electronic filing costs, and about how long it will take to get the refund;
- charge the same fee for basic electronic filing regardless of whether a customer also pays for the RAL and without regard to the amount of the refund; and
- inform people that they will be financially responsible for the loan if the IRS delays the refund, reduces the refund amount, or denies it completely.

Commercial tax preparers have to obtain identification numbers from the IRS to enable them to file returns electronically. The IRS can revoke this number if RAL regulations, designed to give more protection to taxpayers, are violated. A few states have similar provisions in their consumer protection laws. *For more information about these consumer protection measures, call the Center on Budget and Policy Priorities at (202) 408-1080.*