



## Rapid Tax Refunds

Categories : [Consumer Services](#), [Income Assistance](#)

### What are Rapid Tax Refunds?

Rapid refunds are also known as refund anticipation loans (RAL). They are offered by some commercial tax services.

### What are the Risks in Getting a Rapid Refund?

Rapid or “instant” refunds are really loans. In order to receive their money early, consumers are charged a loan fee ranging from \$50 to \$200. The Annual Percentage Rate (APR) on these loans can range from 40% to over 700%. Electronic filing fees and fees for tax preparers can also be added which can end up costing you 10% or more of your total tax refund. In addition, since the refunds are loans, they must be repaid if the Internal Revenue Service (IRS) delays or denies you a refund or gives a refund that is smaller than you expected.

### How to Avoid Paying the High Cost of a Rapid Refund

To avoid paying unnecessary fees for a rapid refund, consider any of the following options:

- Have taxes done for free at Volunteer Income Tax Assistance (VITA) or Tax-Aide sites. Information on free tax preparation sites open in Connecticut during the tax season can be found by calling 2-1-1, or go to [Tax Preparation Assistance](#).
- Open a bank deposit account – this will allow you to receive refunds by direct deposit.\*
- Don't go to check cashers – extra fees are charged to cash tax refund checks.
- File tax returns by E-File – this can speed up your tax refund, particularly if the IRS deposits your refund directly into your bank account.
- Delay paying bills or ask for extensions, if possible, to avoid adding the cost of RAL fees onto current debts.

For more information on what you should know about Rapid Tax Refunds, visit the website Investopedia:

<https://www.investopedia.com/articles/taxes/022217/6-cheap-ways-get-tax-refund-advance.asp>

### How to Avoid Fraud

The IRS is targeting identity theft regarding refund fraud, for more information, visit: <https://www.irs.gov/uac/Tax-Fraud-Alerts>

### To Find Providers in Connecticut's Community Resources Database:

Search by service name: [Tax Preparation Assistance](#)

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**SOURCES:** Center for Responsible Lending, Consumer Federation of America, Investopedia

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