

Be careful with your tax return

Filing a tax return can be confusing. There are free services available to help you get your whole refund. Some tax preparers offer expensive services that you don't need.

Be aware of the following:

- Rapid refunds
- Quick cash loans
- Refund debit and cash cards or temporary bank accounts
- Refund down-payment offers
- High-priced tax preparation fees

Rapid refunds

Some tax preparers offer services like *Rapid Refund* or *Quick Cash*. These services cost you money and do not always get your refund as fast as the preparers say.

Quick cash loans

Some tax preparers also offer “quick cash loans.” These services are just expensive loans also called “Refund Anticipation Loans” (RAL). The fees and costs for these loans are very high. You could end up giving more than half of your tax refund to pay for this loan.

There also are risks with these loans. If your refund is less than what you thought it would be, you are still responsible for paying back the full amount of the loan. It is a good idea to plan ahead and avoid these loans when possible. If you need to take out a quick

cash loan, make sure you understand what fees and costs you will have to pay for the loan. You may be eligible for a lower interest loan through a credit union.

Refund debit and cash cards or temporary bank accounts

Some tax preparers may offer you a debit card or offer to set up a temporary bank account for you to receive your refund. The tax preparer may tell you that you will receive your refund quicker this way, or the tax preparer will let you get your taxes prepared for no money up front if you agree to let them take fees out of your refund account. This may seem like a benefit, especially if you do not have a bank account. But these debit cards and bank accounts may have huge fees, including: **activation fees** of up to \$100, and **transaction fees** of \$2 to \$29 **every time you use a debit card**. Make sure you understand all of the fees and costs of a refund debit card or a temporary bank account before signing up for one.

Refund down-payment offers

Do you ever see advertisements at car dealerships, furniture outlets, and jewelry stores saying that you can use your tax refund to make a purchase? The dealer offers to prepare your tax return and use your anticipated refund as a down-payment on your purchase. If you sign up to do this, you are actually agreeing to take out a *Refund Anticipation Loan*. You may end up paying more money because

of high preparation fees, high loan fees, and other fees associated with the purchase.

High-priced tax preparation

Most tax preparers charge a reasonable price for their services, but there are some that charge very high fees to low-income people to prepare basic tax returns. Sometimes they say that extra forms are needed to file returns for low-income people. Sometimes they charge extra for common services such as electronic filing.

If you use a tax preparer, make sure that you get an estimate of all their charges. You have the right to know *exactly* what you are paying for when you get your taxes prepared.

There are tax preparations services that do not cost you any money.

Other tax scams

Scammers impersonating the IRS may call you or send you letters trying to get money from you. They may threaten you to throw you in jail if you do not pay a certain amount of money.

The IRS generally does not call taxpayers on the phone and almost always will communicate with taxpayers using postal mail. If you are receiving harassing phone calls, you can report them to the IRS and the U.S. Treasury Department. If you are uncertain whether

you owe taxes, you can ask for help from Montana Legal Services Association (MLSA). Or, you can review your account online at www.irs.gov.

Will there be a delay for 2018 tax refunds?

The IRS is required by law to delay the release of some refunds for tax year 2017. Tax refunds for taxpayers claiming the Earned Income Tax Credit or certain other credits may not be released until after **February 15th**, and taxpayers may not receive funds until the following week. Taxpayers who file early should plan ahead for delays.

How do I find free tax preparation help?

You may be able to get free help preparing and filing your taxes from:

- Volunteer Income Tax Assistance (VITA) provides free tax preparation services: 1-800-906-9887 or www.MontanaFreeFile.org
- www.MontanaFreeFile.org: helps you find free tax assistance and free tax filing options
- IRS Tax Information for Individuals: <http://www.irs.gov/individuals/index.html>

How do I get more help?

Montana Legal Services Association (MLSA) provides free civil legal help to low-income people who meet certain eligibility criteria:

- Apply at anytime online at mtlsa.org;
- Call our Helpline at 1-800-666-6899 (Helpline hours may be limited to certain day time hours).

What help can I find at MLSA?

- Legal advice and representation;
- Referrals to pro bono attorneys and other providers;
- Self-help clinics and materials.

www.MontanaLawHelp.org

Need legal information or forms? Visit www.MontanaLawHelp.org.

Can't find what you want? Use LiveHelp. Click on the LiveHelp picture and get help finding the information you need.

www.MTLSA.org

Find copies of all our brochures online. They are all available for free download!

This pamphlet is meant to give basic legal information, not legal advice about your problem. The law changes often and each case is different. This pamphlet may not apply to your problem. You should not rely on it only. Please talk to an attorney about your problem.

Montana Legal Services Association

Low Income Taxpayer Clinic: How to Protect Your Tax Refund



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