



NATIONAL FOUNDATION FOR  
CREDIT COUNSELING

*Knowing the difference can  
make all the difference.*

## ***NFCC PRESS RELEASE***

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### **TAX SEASON DOESN'T HAVE TO BE A TAXING EXPERIENCE**

*NFCC Provides Information on the Best Ways to File and Receive Refunds*

Silver Spring, MD - If someone owes you money, you want it and you want it fast. That's especially true if that someone is Uncle Sam.

Anyone expecting a federal income tax refund hopes to maximize the amount and expedite the delivery of the money. Believe it or not, the IRS is happy to help you do both, and to do it for free.

"The beauty of the IRS' free services is that you can complete your income taxes from the comfort of your own home anytime of the day or night. The forms even calculate the math for you, and are available in both English and Spanish," said Gail Cunningham, spokesperson for the National Foundation for Credit Counseling (NFCC).

To help educate consumers about their filing and refund options, the NFCC offers the following information:

#### **Free Electronic Tax Preparation and Filing**

This year the IRS is again offering free tax preparation and filing through the Free File program. The Free File program provides free federal income tax preparation and electronic filing for eligible taxpayers through a partnership between the Internal Revenue Service (IRS) and the Free File Alliance LLC, a group of private sector tax software companies.

Anyone with an adjusted gross income up to \$56,000 in 2008 can use the standard Free File options this year, which makes approximately 98 million Americans eligible.

Further, this year the IRS and its partners are offering a new option, Free File Fillable Tax Forms, that opens up Free File to virtually everyone, even those whose incomes exceed \$56,000. These forms are comparable to what you are used to completing on paper, with the difference being that you're now completing them electronically.

To access these free tools, simply go to [www.irs.gov](http://www.irs.gov) where you'll find more information on these services.

If you are more comfortable with in-person help, free tax preparation help is also available through the Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) sites in many communities. According to the IRS, taxpayers should check community newspapers for VITA site locations or call 1-800-906-9887 for more information.

#### **Receiving Your Refund**

Electronic filing options will speed the payment of refunds to millions of taxpayers. Further, taxpayers who

e-file and choose direct deposit for their refunds will get their refunds in as few as 10 days. That compares to approximately six weeks for people who file a paper return and get a traditional paper check.

### **Refund Anticipation Loans**

In spite of the fact that taxpayers can have free tax preparation, file for free, and receive their refunds in approximately 10 days, many still opt to pay for tax preparation and obtain a Refund Anticipation Loan.

A Refund Anticipation Loan (RAL) may sound good on the surface. Companies that offer such loans promote the fact that you'll get your money sooner than you would from the IRS, and when money is tight, sooner always sounds better. An RAL is a short-term loan, usually for just a few days, based on the anticipated amount of your income tax refund. In other words, the company fronts you the money, and you sign documents that allow them to repay themselves from your income tax refund when it arrives.

The problem is that not only are consumers paying to have their taxes prepared when they could have done it for free, but they are paying to get back their own money, and paying through the teeth. In addition to the tax preparation fees, the company providing this service will likely tack on other fees and charge you what calculates to be triple-digit interest if annualized.

An often overlooked hazard to such loans is the possibility that the IRS does not issue the full refund. For instance, if the taxpayer has outstanding student loan debt, past due child support, or unpaid taxes, the government may withhold all or some of the refund. However, the RAL still has to be repaid by the consumer, yet there is now no money available to do so.

### **Is Receiving a Refund a Good Idea?**

Some people wait all year long for their income tax refund when they could have had that money in their pocket each payday. These same people often are the ones falling behind on their rent or mortgage payment, car payment, and other obligations.

In recent years the average IRS refund check has been well over \$2,000. This means that millions of consumers who struggle to meet their daily expenses, as well as debt payments, could have an extra \$200 in their pocket each month. That amount could be the difference in losing a home or having a car repossessed.

There is a quick and easy remedy: Adjust your withholding allowances. The IRS has a calculator available on their site to help you determine the proper number of allowances. Simply go to [www.irs.gov](http://www.irs.gov) and type in the words "withholding allowances" in the search box. Or, go to your Human Resource department at work and ask to have your allowances adjusted. This can be done any time of the year.

"Consumers don't want to end up owing Uncle Sam, but they don't want to give him an interest free loan, either. In this economic environment, everyone needs to watch where their money goes. Why pay for something that you can obtain for free? The smart consumer will use the IRS tools to prepare and file their return electronically, receive their refund via direct deposit from the IRS, and adjust their withholding allowances so that moving forward they get to keep more of their paycheck," continued Cunningham.

For help with your financial questions, turn to a trusted NFCC Member Agency. To locate the office closest to you, call toll-free to (800) 388-2227, or go online to [www.DebtAdvice.org](http://www.DebtAdvice.org). For help in Spanish, dial (800) 682-9832.

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*The National Foundation for Credit Counseling (NFCC), founded in 1951, is the nation's largest and longest serving national nonprofit credit counseling organization. The NFCC's mission is to promote the national agenda for financially responsible behavior and build capacity for its members to deliver the highest quality financial education and counseling services. NFCC members annually help close to three million consumers through 850 community-based offices nationwide. For free and affordable confidential advice through a reputable NFCC member, call 1-800-388-2227, (en Español 1-800-682-9832) or visit [www.nfcc.org](http://www.nfcc.org).*