



February 14, 2011

**\*\*\*\*\*CONSUMER ALERT\*\*\*\*\*CONSUMER ALERT\*\*\*\*\*****ATTORNEY GENERAL MADIGAN WARNS CONSUMERS TO BEWARE THE HIGH COST OF TAX-REFUND ANTICIPATION LOANS**

Chicago — Attorney General Lisa Madigan today alerted Illinoisans to the high cost of tax-refund anticipation loans that allow taxpayers to receive instant cash based on the amount of their anticipated tax refund.

Consumers can mistake a refund anticipation loan as simply an advance on their expected refund at the time they file returns. Tax preparers offer this as a way for the filer to avoid waiting for their official government refund to arrive. In reality, Madigan said, these are high-cost, short-term loans riddled with fees that are deducted from their refund even before a taxpayer cashes it.

Refund anticipation loans are accompanied by added costs – fees for electronic filing, document preparation and tax preparation – which are deducted before the refund is even issued. Madigan reminded taxpayers they can receive their full refunds in as little as 10 days by filing electronically and having their refunds directly deposited into a bank account.

“The costs of these loans outweigh the benefits,” Attorney General Madigan said. “Receiving a refund check instantly may be tempting for some, but with all the added fees, consumers should know these loans will end up costing them much more money in the end.”

The Attorney General is also reminding Illinoisans to determine if they are eligible for the earned income tax credit, the federal government’s largest program benefiting working families with low incomes. An estimated one in five Americans who are eligible for this tax relief does not claim it, according to the Office of the Comptroller of the Currency. Free tax preparation sites are available to determine eligibility and help taxpayers file their returns on time. Consumers seeking help to prepare and file their taxes free of charge can visit the Center for Economic Progress website at <http://www.economicprogress.org/>

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