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February 1, 2017

*****CONSUMER ALERT*****

MADIGAN ISSUES TAX SEASON REMINDERS***Attorney General Cautions Illinois Consumers about Costly Refund Anticipation Products and Tax-Related Identity Theft***

Chicago — As tax season gets underway, Attorney General Lisa Madigan today urged Illinois taxpayers to avoid applying for expensive refund anticipation products that deplete as much as a thousand dollars from their eventual tax refund.

Madigan issued advice for Illinois residents in light of a recent announcement by the IRS that as a way to reduce identity theft and tax-related fraud, it is delaying tax refunds until February 15 for more than 40 million low-income families claiming the earned income tax credit and the child tax credit.

As a result, Madigan's office expects more taxpayers will be enticed by tax preparers to apply for "instant cash advances." These are a new kind of short-term loan that typically provides taxpayers with between \$500 and \$1,000 of the eventual tax refund upfront. Tax preparers often deceptively market these advances as "interest free" but the loans carry interest rates over 100 percent in most cases. Tax preparers offer refund anticipation loans via checks and temporary debit cards as a way for consumers to receive an instant cash deposit based on their anticipated tax refund instead of waiting to receive their full tax refund from the IRS. But this advance payment comes at a very high cost.

"When tax preparers promise an instant refund, they are really giving you an expensive, short-term loan that will reduce the amount of your eventual tax refund by as much as a thousand dollars," Madigan said. "Be skeptical of these high-priced, short-term loans."

In addition to tax refund anticipation products, Madigan said consumers should be aware of tax-related identity theft. Complaints to Madigan's office have shown that for some consumers, even simply consulting with a company offering tax refund anticipation products leads to problems. Consumers have reported instances of companies filing a tax return in their name but without their authorization based on information the consumer provided in an initial consultation.

Madigan offered tips for consumers to avoid becoming the victim of tax-related identity theft:

- Do not open or reply to any emails claiming to be from the IRS that contain a request for personal information. Contact the IRS directly to find out if the solicitation is legitimate.
- Report any suspicious IRS paper mail correspondence to the Treasury Inspector General for Tax Administration at 1 (800) 366-4484.
- Contact the IRS Identity Protection Specialized Unit at 1 (800) 908-4490 or visit the IRS [website](#) to report tax-related identity theft.

To report a complaint involving a tax refund anticipation product, contact Madigan's Consumer Fraud hotlines:

1-800-386-5438 (Chicago)
1-800-243-0618 (Springfield)
1-800-243-0607 (Carbondale)

Consumers looking for help preparing and filing their taxes free of charge should contact the Center for Economic Progress, a trusted provider of tax and financial assistance for low-income and working families, at 312-252-0280 or visit their [website](#). In

addition, the Department of Human Services provides a list of free tax help sites across the state, which can be found [here](#).

This release is also available in the following languages: [En Español](#) - [Polish](#)

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