



Return On The Loan





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Refund Anticipation Loan

Is a loan made by a lender that is based on and usually repaid by an anticipated federal income tax refund.

Rates & Fees

Refund anticipation loans are made through large tax preparation companies. Interest rates and fees are set by tax preparation company and lender making the loan. Interest fees can be as high as 40% because of the short term nature of the loans.

Sources of Credit

Large tax preparation companies are the source of refund anticipation loans. The tax preparation company works with lenders for the loan. The loan is then paid back with the amount of the refund from the government.

APR & Fees

The APR can be up to 200% because of the short term nature of the loan. The fees include electronic filing fees, application fees and a fee to cash the loan check. Fees are set by tax preparation company.

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Is a loan made by a lender that is based on and usually repaid by an anticipated federal income tax refund.

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Why Get an Refund Anticipation Loan

This type of loan allows a consumer to use their tax money sooner.

Community Sources

Because of changes in lending regulations federally regulated banks no longer provide refund anticipation loans. Before 2014 you could get them through companies such as H & R block.

Advantages

Consumers get their refund earlier.
Faster, than application and approval process.

Disadvantages

High interest rates. Expensive application and processing fees.

