



For Immediate Release

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Peoples Tax Offers Low-Cost Alternative to Tax Refund Loans

Richmond, VA-based Peoples Income Tax, Inc. announced that it will participate in a pilot program offered by Western Union to offer a low-cost alternative to high-priced Refund Anticipation Loans (RALs).

Charles E. McCabe, President and CEO, said, “Our clients who obtain RALs through a bank pay total RAL fees and interest charges ranging from \$97 to \$174 depending on the size of their tax refunds,, and many clients then pay a fee of up to 2% of the refund or more to cash their checks. (Peoples Tax has arranged for their clients to have their checks cashed at SunTrust for a fee of \$15.) Through the Western Union pilot program (exclusive to Peoples Income Tax in central-Virginia) our tax preparation clients will pay only \$10 to \$20 (\$10 for the IRS refund and \$10 for the State Tax Refund), and the check cashing fee is eliminated! We are happy to forgo our RAL application and Service Bureau fees totaling \$53 to help our clients obtain their tax refund money fast for a much lower cost”

McCabe said most people who obtain RALs are owed substantial tax refunds due to the refundable Earned Income Tax Credit for low-income working taxpayers. “Many of these people,” he said, “can’t pay the up-front for tax preparation fees and don’t have bank accounts to direct-deposit their tax refunds to get their money faster. The Western Union program solves both problems by providing a bank account for the taxpayer’s direct deposit, and enabling us to receive our tax preparation fee when the tax refund is deposited.”

A taxpayer who applies for a RAL, if approved, will usually receive his refund in 1-2 days. However, many taxpayers are not approved for the loan and their RAL applications automatically convert to a “Refund Transfer” (RT) in which case the bank check is issued when the refund is deposited by the IRS to the bank account. This “direct deposit” takes from 9 to 13 days depending on the day of the week the tax return is e-filed, compared to 4-6 weeks for a tax return that is mailed to IRS. The Western Union program will enable our clients to realize the benefit of direct deposit, without paying up-front, for a fee of just \$10-\$20 compared to \$84 to \$94 for a RT, or \$97 to \$174 for a RAL, plus a substantial check cashing fee. “This is a very sensible option for our clients to avoid the high cost of a RAL or RT,” said McCabe.

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