Tax Refund Protection Act

Regulation of Refund Anticipation Checks

TRPA requires the Internal Revenue Service (IRS) and the Consumer Financial Protection Bureau (CFPB) to regulate Refund Anticipation Checks (RACs).

There is no speed advantage to a RAC – the taxpayer receives the tax refund on the same day regardless of whether it comes in the form of a direct deposit from the government or a RAC from the preparer. Yet, in 2013 taxpayers paid an estimated **$700 million in fees and add-ons** for RACs. This hard earned money should stay in the pockets of taxpayers, not the bank accounts of tax preparers.

The bill broadly covers any product sold as a means for taxpayer to defer payment of tax prep until refund is issued, so that preparers can't simply change their refund method to get around these protections.

Regulation of For-Profit Tax Preparers

TRPA requires the IRS to license and regulate for-profit tax preparers. Taxpayers should feel confident that the person they have paid to do their taxes is qualified and competent, and has a good character and reputation.

Allows the IRS to collect reasonable fees sufficient to support the cost of the licensing program

Disclosures to Taxpayers

Directs the CFPB to require tax preparers to disclose important information to taxpayers, including:

- How much they charge for preparing and filing a tax refund
- Amount of time in which taxpayer can expect to receive refund
- Difference in time taxpayer would receive refund directly from IRS and from preparer in the form of a RAC.
- That a RAC is not necessary to receive a tax refund
- Disclosures required by the Truth in Lending Act (TILA) for consumer credit transactions

Splitting a Tax Refund

Authorizes the IRS to split the tax refund between the taxpayer and the preparer. Right now the IRS can only send the full refund to either the preparer or the taxpayer. This will help eliminate the incentive for a taxpayer to receive a RAC in order to defer the tax preparation fee.