

## Income Tax Refunds

Are you looking for some inside information on income tax refund? Here's an up-to-date report from income tax refund experts who should know.

Those are the words that every taxpayer would love to hear, yes, you're receiving an income tax refund. For many individual taxpayers those refunds can be obtained through Earned Income credit, a real refund of overpayment of tax, or through an overpayment from previous years. Once you determine you're receiving a refund, there are several options for actually putting that money in the taxpayer's hands. Standard paper filing, electronic filing with direct deposit, rapid refunds, and refund anticipation loans are the options we have the choice of exercising, and for many refund anticipating individuals, the rapid refund or the refund anticipation loan is the refund of choice.

Since the advent of the computer age, and the great invention of the internet, the Internal Revenue Service has been fairly quick to react to the benefit of electronic filing. The returns are filed much faster, refunds are made faster, and money due the IRS can be obtained faster. Let's take a minute to look at the different refund options, and what each offers the individual taxpayer.

The standard paper filing, although many are more familiar with this method of filing, is slowly reaching obsolescence. There will soon come a time that the old system of paper filing will be entirely eliminated and replaced by the electronic filing methods. If you are still one of the dying numbers of Americans who files a paper return, you should anticipate receiving a refund in about 6 weeks; today, thanks to the great use of the internet, 6 weeks to receive a refund, seems like an extremely long time.

If you find yourself confused by what you've read to this point, don't despair. Everything should be crystal clear by the time you finish.

The rapid refund, that is rapidly replacing the standard paper filing, is an electronic method used for filing your tax return, and allowing you to receive your refund in about 10-14 days. Much faster than the six weeks it used to take. There are usually no excess fees attached to this type of filing, and returns may be filed for free through many local, public access facilities.

The refund anticipation loan, however, is a little different. These must be administered by a tax professional through an established alliance with a financial and lending institution. There are several excellent choices available, and many qualified tax professionals to complete your tax return, you will however be required to pay a loan fee or a small interest fee for the opportunity to obtain an anticipation loan. There are several restrictions placed on receiving a refund anticipation loan, and some of the restrictions may affect many people.

For example, if you owe back taxes, back child support, or liens and judgments, you can't qualify for the refund anticipation loan. Most often, the individuals who apply for and use the refund anticipation loan are recipients of earned income credit, and their refunds are usually well into the thousands of dollars. The refund anticipation loan can be processed in as little as 3 hours, and back in the hand of the tax payer by late afternoon; this is provided everything works exactly as planned. The higher interest rates charged by the bank product providers, and the higher processing fees charged by the tax preparers, equate to less money for the tax payer, but many of these individuals don't even blink when told how much it will be to process their return, they just want the refund immediately. This is just one more example of the instant gratification upon which our society chooses to operate.

Even for individuals filing with the electronic returns, and choosing to have their funds direct deposited, the turn around time is usually no more than 10 to 15 days. You would think that a turn around of less than 2 weeks would be quick enough for many taxpayers, but typically, the bigger the refund, the faster the necessary return.

It would seem to me, that this is just another way for the system to profit from the poor; as it is usually the poor that qualify for the earned income credit refunds, and these can be extremely large, especially for families with 2 or 3 dependents.

There's no doubt that the topic of income tax refund can be fascinating. If you still have unanswered questions about income tax refund, you may find what you're looking for in our article directory.

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### About the Author

About the Author: Hans Hasselfors is the founder of <http://www.SubmitYourNewArticle.com>. You may find varied income tax refund articles in our article directory.