



Splitting Federal Income Tax Refunds

Important Information for IRS Partners

Taxpayers have more options and flexibility for choosing how to receive their federal income tax refunds. Taxpayers can opt to split their refunds into more than one checking or savings account with U.S. financial institutions, or purchase U.S. Series I Savings Bonds, regardless of which form in the 1040 family they file or whether they file electronic or paper returns.

This option is partly in response to advocacy by IRS partners and the *Refunds to Assets: Splitting Refunds and Building Assets* study, which found that one of three taxpayers, who were offered the choice, opted to direct part of their refunds to savings accounts. For many, it was their first saving experience with a financial institution.

Split refunds also may help some taxpayers reduce their reliance on refund settlement products (such as refund anticipation loans or refund anticipation checks) and keep more of their refunds. Regardless of the taxpayer's filing method — electronic or paper — direct deposit gives them faster access to their funds than a paper check.

Filing Method	Direct Deposit Refund Received	Paper Check Refund Received
e-file	Within 2 weeks	Within 3 weeks
Paper	Within 5 weeks	Within 6 weeks

You can help your clients maximize their refund options, ensure their funds arrive as intended, and begin asset building by:

1. Alerting your clients about their split refund option prior to tax preparation.

Savings Bonds: Informing your clients that they can use their federal tax refund (or part of it) to purchase U.S. Series I Savings Bonds by completing Form 8888, *Allocation of Refund (Including Savings Bond Purchases)*

Taxpayers can purchase up to \$5,000 in bonds for themselves or others, such as a child or grandchild.

Bank Accounts: Direct deposit of a taxpayer's refund is to be made to an account (or accounts) **only** in the taxpayer's name. Your clients can send part of their refund to checking for immediate needs and part to saving for future needs, but, to exercise this option, they must establish accounts with U.S. financial institutions before preparing their returns.

The IRS will electronically deposit a refund to any of a taxpayer's checking or savings accounts with U.S. financial institutions — providing:

- The taxpayer supplies accurate account and routing numbers; and
- The financial institution accepts direct deposits for the type of account designated.

2. Encouraging clients to bring their account and routing numbers for return preparation and to double-check the accuracy of account and routing numbers entered on tax returns.

The IRS assumes no responsibility for taxpayer error, which could result in different scenarios:

- If a taxpayer omits a digit in the account or routing number of an account and the number does not pass the IRS' validation check, the IRS will mail the taxpayer a check for the entire refund;
- If a taxpayer incorrectly enters an account or routing number and the designated financial institution rejects and returns the deposit to the IRS, the IRS will issue a check for that portion of the refund; or
- If a taxpayer incorrectly enters an account or routing number that belongs to someone else and the designated financial institution accepts the deposit, the taxpayer must work directly with the respective financial institution to recover his/her funds.

3. Educating clients about how to designate a split refund.

Splitting a refund into more than one account is easy. Your clients simply need to complete and attach Form 8888, *Allocation of Refund (Including Savings Bond Purchases)*, to their returns, providing their account and routing numbers and telling the IRS how much to deposit to each account. For Savings Bonds, taxpayers should follow the directions on Form 8888 to purchase bonds for themselves or others, such as a child or grandchild. Form 8888 is available on www.irs.gov. Taxpayers can check the status of their refund through *Where's My Refund?* on www.irs.gov or by calling **1-800-829-1954**.

This service is also available in Spanish.

