PTIN MODULE 6

BANK PRODUCTS

Master Study Guide

Review these notes before taking the Module 6 quiz. Focus on refund transfers, refund advances, client communication, offsets, and ethical bank-product practices.

Lesson 6.1 — Bank Products And Refund Advances

Bank products are optional financial services offered through partner banks that work with tax software providers. They may allow taxpayers to pay preparation fees from refund proceeds and may provide access to certain loan products based on eligibility.

A Refund Transfer (RT) allows preparation fees and related charges to be deducted from the taxpayer's refund through a temporary bank account. After the IRS releases the refund, approved fees are deducted and the remaining balance is sent to the taxpayer.

A Refund Advance is a loan offered by a participating financial institution. Approval depends on the lender's eligibility requirements and underwriting criteria. The IRS does not approve, fund, or guarantee the loan.

Important Client Communication Requirements

Explain that bank products are optional and disclose all applicable fees before the return is filed.

Explain that loan approval is never guaranteed. Never advertise an advance as 'free money' or represent the loan as the taxpayer's refund.

Explain that offsets, audits, identity verification, return corrections, and processing delays may affect funding.

Allow the taxpayer to choose whether to use a bank product and document that disclosures were received and the selected option was authorized.

Common Bank Products

Refund Transfer (RT): fees are paid from refund proceeds, the client can avoid paying preparation fees upfront, and taxpayer authorization is required.

Pre-Season Advances: offered before the IRS opens, generally through participating banks and approved EROs, and subject to lender eligibility requirements.

Pre-Acknowledgement (Pre-ACK) Advances: may become available after transmission but before formal IRS acknowledgement, subject to underwriting and lender requirements.

In-Season Refund Advances: offered after IRS acceptance, with loan amounts varying according to lender programs and taxpayer qualifications.

Refund Offsets And Their Impact

A refund may be reduced or intercepted because of federal tax debt, state tax debt, child support obligations, defaulted student loans when applicable under current law, or certain government obligations.

An offset may cause the taxpayer to receive less than expected and can affect repayment and funding calculations associated with certain bank products.

Ethical Considerations

Never encourage a taxpayer to select a bank product merely because it generates additional revenue for the tax office.

Recommendations should be based on the taxpayer's needs, convenience, and understanding of the product.

Transparency builds trust and helps protect both taxpayer and preparer from complaints, misunderstandings, and compliance issues.