



IRS Tax Tip 2016-24: Six Reasons to Choose Direct Deposit for Your Tax Refund

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IRS Tax Tips

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Six Reasons to Choose Direct Deposit for Your Tax Refund

When you file your taxes, you have options on how to receive your refund. The best way to get it is by [direct deposit](#). Eight out of 10 taxpayers get their refunds by direct deposit. Here are six good reasons why you should do the same in 2016:

IRS Direct Deposit:

- 1. Is Fast.** The fastest way to get your refund is to [electronically file](#) your federal tax return and use direct deposit. Use [IRS Free File](#) to prepare and e-file your federal return for free. You can still use direct deposit even if you file a paper tax return.
- 2. Is Secure.** Since your refund goes directly into your account, there's no risk of having your refund check stolen or lost in the mail. This is the same electronic transfer system used to deposit nearly 98 percent of all Social Security and Veterans Affairs benefits into millions of accounts.
- 3. Is Convenient.** With direct deposit, your refund goes directly into your bank account. There's no need

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to wait for your check to come in the mail.

4. **Is Easy.** Choosing direct deposit is easy. When you e-file, just follow the instructions in the tax software. If you file a paper return, the tax form instructions will guide you. Make sure that you enter the correct bank account and routing number.

5. **Has Options.** You can split your refund into several financial accounts. These include checking, savings, health, education and certain retirement accounts. Beginning this year, there is a new retirement account offered by the U.S. Treasury Department. It's called a [MyRA](#) account and you can designate all or a portion of your refund to a new MyRA account if you mark the "savings" box in the refund section of your return. Use IRS [Form 8888](#), Allocation of Refund (including [Savings Bond Purchases](#)), to deposit your refund in up to three accounts. Don't use Form 8888 to designate part of your refund to pay your tax preparer.

6. **Saves Money.** Direct deposit also saves you money. It costs the nation's taxpayers more than \$1 for every paper refund check issued but only a dime for each direct deposit made.

You should deposit your refund into accounts in your own name, your spouse's name or both. Avoid making a deposit into accounts owned by others. Some banks require both spouses' names on the account to deposit a tax refund from a joint return. Check with your bank for their direct deposit requirements.

There is a [limit](#) of three electronic direct deposit refunds made into a single financial account or pre-paid debit card. Taxpayers who exceed the limit will receive an IRS notice and a check refund in the mail. Helpful tips about direct deposit and the split refund option are available in [Publication 17](#), Your Federal Income Tax. You can view, download and print tax products on [IRS.gov/forms](#) anytime.

Each and every taxpayer has a set of fundamental rights they should be aware of when dealing with the IRS. These are your [Taxpayer Bill of Rights](#). Explore your rights and our obligations to protect them on IRS.gov.

Additional IRS Resources:

- [Where's My Refund?](#)
- [Frequently Asked Questions about Splitting Federal](#)

[Income Tax Refunds](#)

- [Buying U.S. Series I Savings Bonds with your tax refund](#)

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