

The IRS Can Now Split Your Refund Up To Three Accounts

Starting in 2007, taxpayers have more choices and flexibility for the direct deposit of 2006 federal income tax refunds. For the first time, taxpayers can split refunds among up to three accounts held by as many as three different U.S. financial institutions, such as banks, mutual funds, brokerage firms or credit unions.

The split-refund option is available to taxpayers who choose direct deposit regardless of whether they filed the original returns on paper or in electronic format using Form 1040, 1040A, 1040EZ, 1040-PR, 1040NR, 1040NR-EZ or 1040-SS. However, taxpayers filing Form 1040-EZ-T, Request for Refund of Federal Telephone Excise Tax, or Form 8379, Injured Spouse Allocation, cannot opt to split their refund.

To split direct-deposit refunds among two or three accounts or financial institutions, taxpayers should complete new Form 8888, Direct Deposit of Refund to More Than One Account. Taxpayers can continue, though, to use the direct deposit line on Form 1040 to electronically send their refunds to one account.

The IRS will electronically deposit refunds to taxpayers' accounts held by a U.S. financial institution, providing that an accurate account number and American Bankers Association (ABA) routing number is supplied and the financial institution accepts direct deposits for the type of accounts designated. Taxpayers should verify routing and account numbers with their financial institutions. IRS assumes no responsibility for taxpayer or preparer error.

Generally, taxpayers can do things much faster electronically than by paper. For those filing their taxes electronically, the refund is deposited in their account within two weeks. A paper check refund takes three weeks. Those filing taxes on paper, the process is longer. They get their direct deposit refund within four to six weeks or paper checks within six weeks.