

Santa Barbara Bank & Trust - 1/23/2009

"For immediate release"

RECOVERY REBATE CREDIT (RRC) RAL DENIAL

Due to the high error rate associated with tax returns claiming a stimulus recovery rebate credit (RRC), the IRS has announced it will delay refunds claiming an incorrect RRC. The IRS has calculated that approximately 17% of the returns with this credit are either calculated incorrectly or are blatantly a false claim. The RRC is the amount claimed on line 70 of the 1040 and can be verified on the IRS website www.irs.gov. As of 12 pm PST on Saturday, January 24, SBBT will NOT approve RALs associated with tax returns claiming this credit.

Based on what the IRS has communicated today, if a taxpayer claims ZERO on line 70, and is entitled to an RRC, the IRS will calculate and credit the taxpayer with the correct RRC and adjust the refund or balance due accordingly. But if they claim the WRONG AMOUNT, then their REFUND WILL DEFINITELY BE DELAYED.

Assuming what the IRS says is true, SBBT will not deny a RAL application if line 70 on the associated tax return is ZERO filled or blank and the RAL application passes all other criteria. If there is any change to this procedure based on additional communication from the IRS, we will notify you.

Team SBBT