

PRESS INFORMATION
For Immediate Release

CONTACT: Martha O’Gorman
Chief Marketing Officer
(800) 790-3863 ext. 8022
martha.ogorman@libtax.com

Liberty Tax Service Unravels the Latest Economic Tax Stimulus Payment Confusion

(Virginia Beach, VA) Some taxpayers anxious to stimulate the economy by spending their economic tax rebate checks are wondering where those payments are, and in some cases, why the amount is different than they anticipated. Liberty Tax Service reports that the IRS is generally issuing the tax rebates in a minimum of six weeks after the return was filed and processed. The tax rebates are based on information provided to the IRS on a 2007 tax return, and not all taxpayers will qualify for maximum amounts. The IRS is issuing tax rebates by direct deposit or check based on the last two digits of the primary taxpayer’s Social Security number.

Another current area of confusion is the \$300 amount of the tax rebate allotted to taxpayers who have a qualifying child. Payments are arriving minus the \$300 for some taxpayers with a qualifying child. The IRS is figuring the \$300 for a qualifying child on whether the taxpayer was able to claim the child tax credit, and they checked Line 6c of **Form 1040** or **Form 1040A**.

Glitches in some commercial tax preparation software prevented the checking of Line 6c. Liberty Tax Service reports no problems in its Libtax and online eSmart Tax software that would have caused this error for its customers. The IRS states that corrections have been made to the commercial and online tax software where the glitches occurred. The IRS is examining the oversight, and implementing an automatic solution. In July, approximately 350,000 additional check payments will be in the mail that will make up the difference on the child rebate shortfall amount for qualifying taxpayers.

“Some people are expecting a direct deposit, but may receive a paper check, and wonder why. If you didn’t receive a refund this year, you didn’t identify a bank or financial institution for direct deposit, so your payment will be a check in the mail. Those who chose a refund anticipation loan, and did use direct deposit, will also receive a paper check. Once you have filed a 2007 tax return, you cannot request direct deposit for the payment method of your tax stimulus check,” said John Hewitt, of Liberty Tax Service.

If the taxpayer has a prior federal tax liability, owes back child support, or has a delinquent student loan, the amount of their economic stimulus check will be less the amount of money owed. The IRS and federal agencies will work together for the garnishment of the amount due. To figure the amount of your tax rebate check, use the Liberty Tax “tax rebate calculator” at www.libertytax.com. ...

About Liberty Tax Service

Liberty Tax Service operates over 2700 offices in the United States and Canada. The Company has launched an online income tax preparation product, www.esmarttax.com.

Liberty Tax Service is the fastest growing retail tax preparation company in the industry's history. Founded in 1997 by CEO John T. Hewitt, a pioneer in the tax industry, Liberty Tax Service has prepared over 5,000,000 individual income tax returns. With 39 years of tax industry experience, Hewitt stands as the most experienced CEO in the tax preparation business, having also founded Jackson Hewitt Tax Service (**NYSE: JTX**).

Liberty Tax Service provides computerized income tax preparation, electronic filing, and refund loans. With an emphasis on customer service including audit assistance, a money back guarantee, and free tax return checking, Liberty Tax Service is well known for its strong commitment to community service and charitable activities, most recently partnering with the March of Dimes (www.Marchforbabies.org). For more information visit our online Press Center at www.libertytax.com.