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**Frugality can be taxing**

FROM STAFF AND WIRE REPORTS

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Hopes for an economic boost fueled by this year's tax refunds could be dashed as most people say they plan to be frugal with their annual windfalls.

In previous years, tax refunds have helped increase retail sales in March, April and May by 12 percent to 20 percent over sales in February, Internal Revenue Service Commissioner Doug Shulman said Monday.

"The tax filing season is its own stimulus to the economy," Shulman said in a speech at the National Press Club. "It helps kick off the spring shopping season and can help kick start the economy."

Bob and Gina Rall did their part, using the bulk of their refund to hire workers to re-stain their cedar-built home in Merritt Island and re-sod a good portion of their lawn. The rest went into savings.

"We love the inside of our house, and the outside needed help, so that's pretty much where our refund went," Bob Rall said.

He is a registered investment advisor and Certified Financial Planner and Gina Rall is a Certified Public Accountant.

"We're trying to do what we can" to help the economy, Bob Rall said.

Thirty-eight percent of those receiving a refund said they intend to spend at least part of it, according to an Associated Press-GfK poll released Monday. But the spending appears to be mostly on basic needs: 17 percent said they would use the money for everyday needs such as food and clothing, up from 7 percent a year ago.

The survey found that 54 percent of those receiving refunds said they planned to pay off credit card, utility, housing and other bills. That compares with 35 percent who said the same thing a year ago.

Only 5 percent, about the same as a year ago, said they planned to go on a shopping spree.

The deadline for individuals to file their 2008 tax returns is Wednesday.

The AP-GfK poll found that 57 percent of adults said they expect to receive a tax refund. As of last week, the IRS had sent out about \$200 billion in tax refunds. Shulman said the agency expects to send out more than \$300 billion in refunds this year.

The average refund this year is about \$2,700, compared with \$2,500 last year, Shulman said.

The Obama administration is hoping this year's refunds will help boost an economy that has shed more than 5 million jobs since December 2007. Congress passed a \$787 billion economic recovery bill in February.

The package was a mixture of government spending and tax cuts designed to get people to spend at a time when most are cutting back and saving more. It makes sense to be frugal when the economy is in such bad shape, but it hurts the economy when everyone does it.

The poll found that 35 percent of those receiving refunds plan to save or invest at least part of the money, a slight increase from a year ago.

About 37 percent said they planned to use their refunds to pay down debt, including credit cards, and student and personal loans.

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