

**Congress of the United States**  
Washington, DC 20510

May 22, 2019

Sasan Goodarzi  
Chief Executive Officer  
Intuit  
2700 Coast Ave.  
Mountain View, CA 94043

Dear Mr. Goodarzi:

We write to express our alarm at numerous reports that Intuit is actively deceiving American taxpayers about their tax filing options. Intuit is a member of the Free File Alliance, a consortium of private tax preparation companies working with the Internal Revenue Service (IRS) to provide free tax preparation services. Recent reports, however, reveal that Intuit is taking steps to hide its free tax filing services from taxpayers, raising questions about the company's compliance with its agreement with the federal government.

Since 2003, members of the Free File Alliance have worked with the IRS to provide low- and middle-income taxpayers with free tax preparation services through a program known as Free File. As recently as 2018, Intuit, along with other Free File Alliance Members, signed a Memorandum of Understanding (MOU) with the federal government. In signing the MOU, Intuit agreed to “work in concert with the IRS” to “extend[] the benefits of online federal tax preparation and electronic filing to economically disadvantaged and underserved populations at no cost to either the individual user or to the public treasury.”<sup>1</sup> In exchange, the IRS agreed not to develop tax preparation software that could compete with private services.

The Free File program is notoriously underutilized. Though all taxpayers who make less than \$66,000 are eligible for the program, less than 2% of eligible taxpayers used Free File in 2018.<sup>2</sup> In recent weeks, it has grown increasingly clear that this under-utilization stems in large part from sabotage by some of the members of the Free File Alliance.

In early April, public reports indicated that TurboTax—an Intuit product—and H&R Block were “deliberately hiding” the free version of their tax preparation software from online searches and directing potentially eligible taxpayers to products that generate profits.<sup>3</sup> A review

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<sup>1</sup> Internal Revenue Service, “Eighth Memorandum of Understanding on Service Standards and Disputes, Between the Internal Revenue Service and Free File, Incorporated,” October 2018, <https://www.irs.gov/pub/irs-utl/Eight%20Free%20File%20MOU.pdf>.

<sup>2</sup> Internal Revenue Service, “National Taxpayer Advocate delivers annual report to Congress: Addresses impact of shutdown; urges more funding for IT modernization,” press release, February 12, 2019, <https://www.irs.gov/newsroom/national-taxpayer-advocate-delivers-annual-report-to-congress-addresses-impact-of-shutdown-urges-more-funding-for-it-modernization>.

<sup>3</sup> ProPublica, “TurboTax Deliberately Hid Its Free File Page From Search Engines,” Justin Elliott, April 26, 2019, <https://www.propublica.org/article/turbotax-deliberately-hides-its-free-file-page-from-search-engines>.

by congressional staff found that at least three additional Free File members engaged in similar behavior.<sup>4</sup> TurboTax also makes it impossible for taxpayers to access TurboTax's edition of Free File from TurboTax.com,<sup>5</sup> a misdirection a TurboTax staffer described as a "purposeful strategy" to make it easier for Intuit to steer taxpayers towards products marketed as "free," but actually flush with hidden fees and upselling.<sup>6</sup> In an internal Intuit video, you reportedly admitted that Intuit "decided to have the landing page for the IRS product we offer [Free File] not rank in search results."<sup>7</sup> Despite your comments that "knowledge is power" and that Intuit wanted consumers to "more easily find the product they were looking for," you justified hiding the Free File software from search results by claiming that "experience and our common sense" suggest that most people are not looking for that website.<sup>8</sup> This reasoning appears to be directly contradicted by the fact that even taxpayers who specifically searched for "turbotax free file" encountered ads placed by Intuit for TurboTax's *other* products at the top of their results.<sup>9</sup>

Most recently, reports suggest that Intuit customer service agents misled consumers who called to ask about access to the TurboTax edition of Free File. Intuit employees allegedly told customers eligible for Free File who called the company asking for refunds because they were misdirected to TurboTax's fee-based service that "IRS is the one managing [Free File]," that "their free service is actually owned by IRS," that "TurboTax is not responsible for" Free File, and that Free File "is a government product that is simply branded as TurboTax."<sup>10</sup> These statements are false. TurboTax does manage an edition of Free File, and there is no government product offering free filing, because IRS agreed not to develop one in its agreement with Intuit and the rest of the Free File Alliance. Your company's false and misleading statements potentially prevented eligible taxpayers from accessing a service to which they were entitled, or prevented them from receiving refunds for unnecessary fees that should have been provided by your company.

This pattern indicates that Intuit views the Free File program as a way to steer lower-income taxpayers to their paying products, rather than a way to provide free tax filing services, as required by the MOU. Indeed, that objective is evident from the company's staunch opposition of the IRS's development of its own filing service. In 2014, Intuit's then-Chief Financial Officer Neil Williams described an IRS-developed pre-filled return system as an

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<sup>4</sup> Letter from Senator Elizabeth Warren to IRS Commissioner Rettig, May 2, 2019, <https://www.warren.senate.gov/imo/media/doc/2019.05.02%20Letter%20to%20IRS%20on%20Free%20File%20Abuses1.pdf>.

<sup>5</sup> ProPublica, "Here's How TurboTax Just Tricked You Into Paying to File Your Taxes," Justin Elliott and Lucas Waldron, April 22, 2019, <https://www.propublica.org/article/turbotax-just-tricked-you-into-paying-to-file-your-taxes>.

<sup>6</sup> ProPublica, "TurboTax and H&R Block Saw Free Tax Filing as a Threat—and Guttled It," Justin Elliott and Paul Kiel, May 2, 2019, <https://www.propublica.org/article/intuit-turbotax-h-r-block-guttled-free-tax-filing-internal-memo>.

<sup>7</sup> ProPublica, "Intuit CEO in Internal Video: Hiding Free TurboTax Was in 'Best Interest' of Taxpayers," Justin Elliott and Lucas Waldron, May 15, 2019, <https://www.propublica.org/article/intuit-ceo-in-internal-video-hiding-free-turbotax-was-in-best-interest-of-taxpayers>.

<sup>8</sup> *Id.*

<sup>9</sup> *Id.*

<sup>10</sup> ProPublica, "Listen to TurboTax Lie to Get Our of Refunding Overcharged Customers," Justin Elliott and Meg Marco, May 9, 2019, <https://www.propublica.org/article/listen-to-turbotax-lie-to-get-out-of-refunding-overcharged-customers>.

“existential threat” to Intuit. Your predecessor, Brad Smith, once claimed that such a system would open the door to the government taking advantage of taxpayers<sup>11</sup>—an ironic prediction, in light of Intuit’s rampant abuse of Free File. Intuit has also launched an aggressive public relations campaigns, including convincing various community leaders around the country to unknowingly spread falsehoods about tax filing. For example, Intuit-affiliated lobbyists convinced the director of the Asian Business Association to write an op-ed claiming that Asian-owned businesses would receive a smaller refund if the government offered its own filing service.<sup>12</sup> This is false. In another case, a lobbyist convinced a state NAACP leader to advocate against return-free filing on the basis of the claim that “the government would stop offering free tax filing help to low-income communities.”<sup>13</sup> This, too, is false.

Intuit’s track record of deception with regard to Free File is extensive, including its efforts to sabotage the service by hiding it from taxpayers, its false customer service claims, and its public relations campaign in support of the tax filing status quo. In order to better understand this pattern of behavior and its impact on taxpayers, we ask that you provide answers to the following questions no later than June 5, 2019.

1. For each year from 2002 to the present, how much money, in fees and other payments, did Intuit collect from taxpayers whose incomes were below \$66,000?
  - a. Please provide a breakdown of key categories of these fees and payments.
2. For each year from 2002 to the present, how many individuals whose incomes were below \$66,000 paid for any TurboTax product?
3. For each year from 2002 to the present, how many individuals filed their taxes using the TurboTax Free File edition?
4. Is hiding TurboTax’s Free File edition from online search results more likely to increase or decrease access to free, online tax filing for economically disadvantaged taxpayers?
5. You recently said that Intuit hid its Free File edition from search results because “experience and common sense” indicate that the majority of consumers are not looking for that website.<sup>14</sup>
  - a. What specific “experience and common sense” led you to this conclusion?

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<sup>11</sup> ProPublica, “TurboTax and H&R Block Saw Free Tax Filing as a Threat – and Guttled It,” Justin Elliott and Paul Kiel, May 2, 2019, <https://www.propublica.org/article/intuit-turbotax-h-r-block-guttled-free-tax-filing-internal-memo>.

<sup>12</sup> ProPublica, “TurboTax Maker Linked to ‘Grassroots’ Campaign Against Free, Simple Tax Filing,” Liz Day, April 14, 2014, <https://www.propublica.org/article/turbotax-maker-linked-to-grassroots-campaign-against-free-simple-tax-filing>.


<sup>13</sup> *Id.*

<sup>14</sup> ProPublica, “Intuit CEO in Internal Video: Hiding Free TurboTax Was in ‘Best Interest’ of Taxpayers,” Justin Elliott and Lucas Waldron, May 15, 2019, <https://www.propublica.org/article/intuit-ceo-in-internal-video-hiding-free-turbotax-was-in-best-interest-of-taxpayers>.


- b. What facts and data support this extrapolation from “experience and common sense”?
  - c. Why did you still hide the free file site from individuals who specifically were searching for it?
6. Is omitting any link to TurboTax’s Free File edition from TurboTax.com more likely to increase or decrease access to free, online tax filing for economically disadvantaged taxpayers?
7. Why did TurboTax customer service personnel tell customers that “TurboTax is not responsible” for Free File, that “the IRS is the one managing” TurboTax’s Free File software, and that Free File software is “a government product that is simply branded as TurboTax?”<sup>15</sup>
- a. Please provide copies of all phone call scripts regarding Free File that are distributed to Intuit customer service personnel.
8. Has Intuit ever considered notifying Free File-eligible taxpayers who attempt to access other TurboTax products that they are eligible for Free File?
- a. If not, why not? If so, why did Intuit choose not to implement such a feature?
  - b. Is failing to provide such a notification more likely to increase or decrease access to free, online tax filing for economically disadvantaged taxpayers?
9. Will Intuit provide refunds to customers who were eligible to use Free File but were unable to find the TurboTax Free File edition and instead paid fees for your other products? If not, why not?

Thank you for your attention to this important matter.

Sincerely,



Elizabeth Warren  
United States Senator



Brad Sherman  
Member of Congress

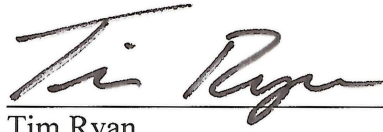
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<sup>15</sup> ProPublica, “Listen to TurboTax Lie to Get Out of Refunding Overcharged Customers,” Justin Elliott an Meg Marco, May 9, 2019, <https://www.propublica.org/article/listen-to-turbotax-lie-to-get-out-of-refunding-overcharged-customers>.



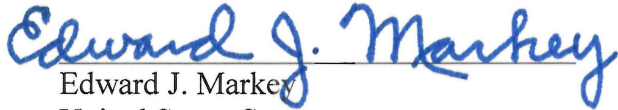
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Richard Blumenthal  
United States Senator



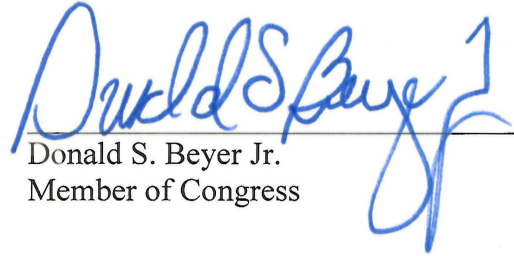
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Tim Ryan  
Member of Congress



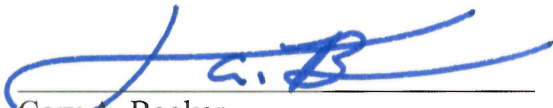
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Edward J. Markey  
United States Senator



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Donald S. Beyer Jr.  
Member of Congress



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Cory A. Booker  
United States Senator