

# Congress of the United States

Washington, DC 20515

July 11, 2023

The Honorable Daniel Werfel  
Commissioner  
Internal Revenue Service  
1111 Constitution Avenue NW  
Washington, DC 20224

The Honorable Lina Khan  
Chair  
Federal Trade Commission  
600 Pennsylvania Avenue NW  
Washington, DC 20580

J. Russell George  
Treasury Inspector General for Tax Administration  
U.S. Department of the Treasury  
1500 Pennsylvania Avenue NW  
Washington, DC 20220

The Honorable Merrick Garland  
Attorney General  
United States Department of Justice  
950 Pennsylvania Avenue NW  
Washington, DC 20530

Dear Commissioner Werfel, Inspector General George, Chair Khan, and Attorney General Garland:

We write to inform you of the results of our investigation revealing an outrageous and potentially illegal sharing of taxpayers' sensitive personal and financial information with Meta by online tax preparation companies.

In November 2022, investigative journalists revealed that major tax preparation companies TaxSlayer, H&R Block, and TaxAct were sharing sensitive taxpayer data with Meta.<sup>1</sup> In response, we opened an investigation into the extent of this disclosure and its impact on taxpayer privacy.

Our specific findings include:

- **Tax preparation companies shared millions of taxpayers' data with Meta, Google, and other Big Tech firms.** The tax prep companies used computer code – known as pixels – to send data to Meta and Google. While most websites use pixels, it is particularly reckless for online tax preparation websites to use them on webpages where tax return information is entered unless further steps are taken to ensure that the pixels do not access sensitive information. Yet, the tax prep companies described this as a “ubiquitous” and “common industry practice.” TaxAct, TaxSlayer, and H&R Block confirmed that they had used the Meta Pixel, and had been using it “for at least a couple of years” and all three companies had been using Google Analytics (GA) for even longer.

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<sup>1</sup> The Markup, “Tax Filing Websites Have Been Sending Users' Financial Information to Facebook,” Simon Fondrie-Teitler, Angie Waller, and Colin Lecher, November 22, 2022, <https://themarkup.org/pixel-hunt/2022/11/22/tax-filing-websites-have-been-sending-users-financial-information-to-facebook>.

One tax prep company revealed it had employed an additional 11 pixels on its website and that, because of the way these pixels operated and were set up, they potentially shared data for every single user of the company's websites – millions of taxpayers.

- **Tax prep companies shared extraordinarily sensitive personal and financial information with Meta, which used the data for diverse advertising purposes.**

TaxAct, H&R Block, and TaxSlayer each revealed, in response to this Congressional inquiry, that they shared taxpayer data via their use of the Meta Pixel and Google's tools. The Meta Pixel and other Meta tools used by TaxAct collected far more information than was previously reported: in addition to taxpayers' filing status, approximate AGI, approximate refund amount, and names of dependents, the Pixel collected approximate federal tax owed and buttons that were clicked and names of text-entry forms that the taxpayer navigated to (both of which could indicate, for example, whether taxpayers were eligible for certain deductions or exemptions). The Pixel also shared full names, email, country, state, city, and zip codes, phone numbers, and gender as hashed values. TaxAct also revealed that all this information was shared for taxpayers who used TaxAct's IRS Free File service.

H&R Block and TaxSlayer also revealed an extensive list of data shared via the Meta Pixel, including transmitting information on whether taxpayers had visited pages for many revealing tax situations, such as having dependents, certain types of income (such as rental income or capital gains), and certain tax credits or deductions. Although the tax prep companies and Big Tech firms claimed that all shared data was anonymous, the FTC and experts have indicated that the data could easily be used to identify individuals, or to create a dossier on them that could be used for targeted advertising or other purposes.

Meta also confirmed that it used the data to target ads to taxpayers, including for companies other than the tax prep companies themselves, and to train Meta's own AI algorithms.

- **Tax prep companies and Big Tech firms were reckless about their data sharing practices and their treatment of sensitive taxpayer data.** The tax prep firms were shockingly careless with their treatment of taxpayer data. They indicated that they installed the Meta and Google tools on their websites without fully understanding the extent to which they would send taxpayer data to these tech firms, without consulting with independent compliance or privacy experts, and without full knowledge of Meta's use of and disposition of the data. In fact, the tax prep companies indicated that they were still not fully aware of the current status of millions of taxpayers' data that had been shared with the Big Tech firms.

The Big Tech firms also appeared to act with stunning disregard for taxpayer privacy – failing to provide full and complete information about how they would collect taxpayer data, and what they did – or are doing – with it once it was collected. And although both

Meta and Google claimed to have filtering systems to prevent the inadvertent collection of sensitive taxpayer information, these filtering systems appeared to be ineffective.

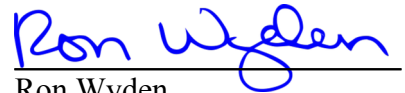
- **Tax prep companies may have violated taxpayer privacy laws by sharing taxpayer data with Big Tech firms.** Taxpayer privacy laws give broad protection to prevent abuses, and contain penalties that include large fines and potential jail time. Under the law, “a tax return preparer may not disclose or use a taxpayer’s tax return information prior to obtaining a written consent from the taxpayer,” – and they failed to do so when it came to the information that was turned over to Meta and Google. Violating the law can result in criminal penalties of up to \$1,000 per instance and up to a year in prison. Tax prep companies can also turn over data to “auxiliary service providers in connection with the preparation of a tax return.” But Meta and Google likely do not meet the definition of “auxiliary service providers” and the data sharing with Meta was for advertising purposes – not “in connection with the preparation of a tax return.”

The findings of this report reveal a shocking breach of taxpayer privacy by tax prep companies and by Big Tech firms that appeared to violate taxpayers’ rights and may have violated taxpayer privacy law. The Internal Revenue Service, the Treasury Inspector General for Tax Administration, the Federal Trade Commission, and the Department of Justice should fully investigate this matter and prosecute any company or individuals who violated the law. We also welcome the recent IRS announcement of a free, direct file pilot next year, which will give taxpayers the option to file taxes without sharing their data with untrustworthy and incompetent tax preparation firms.

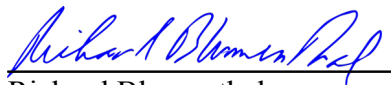
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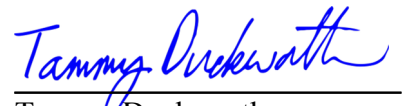
Elizabeth Warren  
United States Senator



Ron Wyden  
United States Senator



Richard Blumenthal  
United States Senator



Tammy Duckworth  
United States Senator



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Bernard Sanders  
United States Senator



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Sheldon Whitehouse  
United States Senator



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Katie Porter  
Member of Congress