

Intuit to pay \$141M settlement over 'free' TurboTax ads

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This Thursday, Feb. 22, 2018 photo shows a display of TurboTax software in a Sam's Club in Pittsburgh. Under the terms of a settlement signed by the attorneys general of all 50 states, Mountain View, California-based Intuit Inc. will suspend TurboTax's "free, free, free" ad campaign and pay restitution to nearly 4.4 million taxpayers, New York Attorney General Letitia James said, Wednesday, May 4, 2022. Credit: AP Photo/Gene J. Puskar

The company behind the TurboTax tax-filing program will pay \$141 million to customers across the United States who were deceived by misleading promises of free tax-filing services, New York's attorney general announced Wednesday.

Under the terms of a settlement signed by the attorneys general of all 50 states, Mountain View, California-based Intuit Inc. will suspend TurboTax's "free, free, free" ad campaign and pay restitution to nearly 4.4 million taxpayers, New York Attorney General Letitia James said.

James said her investigation into Intuit was sparked by a 2019 ProPublica report that found the [company](#) was [using deceptive tactics](#) to steer low-income tax filers away from the federally supported free services for which they qualified—and toward its own commercial products, instead.

"For years, Intuit misled the most vulnerable among us to make a profit. Today, every state in the nation is holding Intuit accountable for scamming millions of taxpayers, and we're putting millions of dollars back into the pockets of impacted Americans," James said in a statement. "This agreement should serve as a reminder to companies large and small that engaging in these deceptive marketing ploys is illegal."

"As part of the agreement, Intuit admitted no wrongdoing, agreed to pay \$141 million to put this matter behind it, and made certain commitments regarding its advertising practices," representatives for Intuit said in a blog post Wednesday. "Intuit already adheres to most of these advertising practices and expects [minimal impact](#) to its business from implementing the remaining changes going forward."

Until last year, Intuit offered two free versions of TurboTax. One was through its participation in the Internal Revenue Service's Free File

Program, geared toward taxpayers earning roughly \$34,000 and members of the military. Intuit withdrew from the program in July 2021, saying in a blog post that the company could provide more benefits without the program's limitations.

The company also offers a commercial product called "TurboTax Free Edition" that is only for taxpayers with "simple returns," as defined by Intuit.

According to documents obtained by ProPublica, Intuit executives knew they were deceiving customers by advertising free services that were not in fact free to everyone.

"The website lists Free, Free, Free and the customers are assuming their return will be free," an internal company PowerPoint presentation said. "Customers are getting upset."

Under the agreement, Intuit will provide restitution to consumers who started using the commercial TurboTax Free Edition for tax years 2016 through 2018 and were told that they had to pay to file even though they were eligible for the version of TurboTax offered as part of the IRS Free File program.

Consumers are expected to receive a direct payment of approximately \$30 for each year that they were deceived into paying for filing services, James said. They will automatically receive notices and checks by mail.

"We empower our customers to take control of their financial lives, which includes being in charge of their own tax preparation," an Intuit spokesperson told ProPublica in a statement in 2019.

The spokesperson added that a "government-run pre-filled tax preparation system that makes the tax collector (who is also the

investigator, auditor and enforcer) the tax preparer is fraught with conflicts of interest."

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