

TurboTax Owner Intuit Slammed With FTC Lawsuit, Accusations of ‘Bait-and-Switch’ Advertising

As Tax Day approaches (April 18 this year), many people are looking for an easy way to check the often onerous task off their to-do lists. Some turn to tax-preparation services to make things easier, but the associated costs can add up, and few want to part with more money than they already owe or sacrifice a portion of their refund. That’s where “free” tax-filing software comes in – or so Intuit-owned TurboTax, one of tax prep’s major players, wants you to think.

The Federal Trade Commission has just sued Intuit, alleging its advertising touting “free” tax-filing services via its TurboTax software is “deceptive.” In a press release, the FTC argued that the majority of tax filers can’t use the “free” service because it excludes people like gig-economy workers who receive 1099 forms or those who earn farm income. The government agency claims that approximately two-thirds of tax filers were unable to use TurboTax’s free service in 2020 and has asked a federal court to put an end to Intuit’s advertising campaign.

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“TurboTax is bombarding consumers with ads for ‘free’ tax filing services, and then hitting them with charges when it’s time to file,” said Samuel Levine, director of the Bureau of Consumer Protection. “We are asking a court to immediately

halt this bait-and-switch, and to protect taxpayers at the peak of filing season.”

The FTC voted 3-1 in favor of bringing the lawsuit against Intuit.

But Intuit, which is also behind Quickbooks, Mint, Credit Karma and Mailchimp, disputes the FTC’s allegations. In a press release for the company, Kerry McLean, executive vice president and general counsel of Intuit, said, “The FTC’s arguments are simply not credible. Far from steering taxpayers away from free tax preparation offerings, our free advertising campaigns have led to more Americans filing their taxes for free than ever before and have been central to raising awareness of free tax prep.”

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Intuit went on to say that the FTC’s lawsuit exemplifies a “significant disconnect” between government agencies, as the software giant was a founding member of the Internal Revenue Service’s Free File program and was “at all times” compliant with IRS requirements.

Intuit Inc. was down 1% as of 10:43 a.m. EST.

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