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Santa Clara County Counsel Sues TurboTax Maker Intuit to Protect Taxpayers from Deceptive Marketing and Overcharging

SANTA CLARA COUNTY, CALIF. – Santa Clara County Counsel James R. Williams today filed a lawsuit on behalf of the People of the State of California against Intuit, Inc., the maker of the electronic tax preparation software TurboTax. The lawsuit accuses Intuit of deceiving taxpayers, including low-income taxpayers who were entitled to free tax filing, into paying for expensive tax preparation products Intuit promised would be free.

“Though predatory and deceptive actions, Intuit has made hundreds of millions of dollars in unfair profits on the backs of California taxpayers,” said Santa Clara County Counsel James R. Williams. “This includes low-income families who paid Intuit for services that Intuit promised the IRS and the public it would offer for free. Many of the customers who were harmed by Intuit’s actions are vulnerable Santa Clara County residents struggling to make ends meet. We are suing to make sure Intuit cannot make profits by engaging in deception and lies targeting middle- and low-income families.”

The lawsuit alleges that Intuit intentionally and deceptively steered taxpayers to TurboTax and away from free alternatives, promising consumers they could file their taxes using TurboTax “for \$0” or “free free free.” But the promises of free filing were a sham for most people. Once customers clicked a “File for \$0” button and spent hours entering their tax information, Intuit falsely told them they needed to pay \$100 or more to upgrade to another version of TurboTax to “accurately file” their taxes. The upgrade had nothing to do with “accuracy” and was instead designed to maximize Intuit’s profits.

According to the lawsuit, Intuit’s actions toward low-income taxpayers were particularly egregious. Intuit entered into an agreement with the IRS to allow low-income customers to file their taxes for free, and Intuit offers a truly free tax preparation product to satisfy this promise. But, the lawsuit alleges, Intuit hid this free product—making sure it didn’t appear in Google search results and leaving it off the listing of TurboTax products on Intuit’s website—to make it all but impossible for struggling taxpayers to find. Instead, Intuit funneled these taxpayers to Intuit’s costlier TurboTax versions, sacrificing funds they needed for necessities like rent, groceries, and gas.

The lawsuit is a civil law enforcement action brought under California’s False Advertising Law, and seeks a court order requiring Intuit to pay restitution to the taxpayers it has unfairly charged for tax preparation services, and obtain civil penalty payments from Intuit to discourage it from engaging in deception in the future. The case is *People of the State of California v. Intuit, Inc.* (Santa Clara County Superior Court, Case No. 19CV354178).

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About the Santa Clara County Counsel’s Office

The Office of the County Counsel serves as legal counsel to the County, its Board of Supervisors and elected officials, every County department and agency, and the County’s boards and commissions. With a staff of over 200, the Office is also responsible for all civil litigation involving the County and its officers. Through its Social Justice and Impact Litigation Section, the Office litigates high-impact cases, drafts innovative local ordinances, and develops policies and programs to advance social and economic justice. The Section also defends the County in select cases with the potential to significantly affect the County’s ability to provide critical safety net services to vulnerable residents. The Section is part of a growing movement to use the power and unique perspective of local government to better serve the community and to drive long-lasting change at the local, state, and national levels.

About the County of Santa Clara, California

The government of the County of Santa Clara serves a diverse, multi-cultural population of 1.9 million residents – more populous than 14 states. With a \$8.1 billion annual budget, dozens of departments and agencies, and over 20,000 employees, the County provides essential services to its residents, including public health protection, environmental stewardship, medical services through the County of Santa Clara Health System, child and adult protection services, homelessness prevention and solutions, roads, park services, libraries, emergency response to disasters, protection of minority communities and those under threat, access to a fair criminal justice system, and many others.