

Congress of the United States

Washington, DC 20515

January 2, 2024

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

Dear Mr. Goodarzi:

We write regarding Intuit's recent disclosure that your company received \$94 million in federal research tax credits in 2022.¹ For years, Intuit's corporate lobbyists have argued that the federal government should not set up a program for Americans to file their taxes online and for free because it would be too costly for taxpayers.² Your company's disclosure reveals that Intuit's research tax break from 2022 alone could have been enough to fund a year of a free e-File program for millions of Americans.³ Accordingly, we request that Intuit provide a full accounting of the research expenses underlying your massive tax breaks to better understand whether these corporate subsidies are in the best interest of the American people.

As the maker of TurboTax, Intuit has been one of the fiercest—and most shameless—opponents of free and simple tax filing for Americans. Intuit has spent millions of dollars lobbying against a Direct File program run by the Internal Revenue Service (IRS).⁴ Last year, your company was caught lying about Direct File's impact on racial inequality in tax administration.⁵ Intuit has even gone so far as to trick low-income Americans who are eligible for free filing services into paying for your company's products, disturbing and unethical behavior resulting in a \$141 million nationwide legal settlement with your company in 2022.⁶

¹ Intuit, Fiscal 2023 Form 10-K, p. 83,

<https://www.sec.gov/ix?doc=/Archives/edgar/data/0000896878/000089687823000034/intu-20230731.htm>.

² Letter from American Coalition for Taxpayer Rights to Senator Elizabeth Warren and Representative Katie Porter, September 12, 2023, <https://www.americancoalitionfortaxpayerrights.org/news/actr-responds-to-senator-warren-and-representative-porter-on-irs-direct-file>.

³ Institute on Taxation and Economic Policy, "Intuit Receives Millions in Federal Subsidies While Arguing IRS Direct File Would Be Too Costly," Joe Hughes and Spandan Marasini, October 24, 2023, <https://itep.org/intuit-tax-breaks-irs-free-file>.

⁴ ProPublica, "Inside TurboTax's 20-Year Fight to Stop Americans From Filing Their Taxes for Free," Justin Elliott and Paul Kiel, October 17, 2019, <https://www.propublica.org/article/inside-turbotax-20-year-fight-to-stop-americans-from-filing-their-taxes-for-free>.

⁵ ProPublica, "TurboTax Parent Company's Latest Argument Against Free Tax Filing: It Will Harm Black Taxpayers," Paul Kiel, September 25, 2023, <https://www.propublica.org/article/turbotax-intuit-black-taxpayers-irs-free-file-marketing>.

⁶ ProPublica, "States Prepare to Send Checks to Consumers Tricked Into Paying for TurboTax," Paul Kiel, May 4, 2023, <https://www.propublica.org/article/consumers-to-receive-checks-turbotax-settlement>.

One of the centerpieces of Intuit’s case against Direct File has been the specious argument that it would be too costly for the federal government. Already straining credulity, this claim has become even harder to take seriously in light of your company’s recent disclosures. According to the IRS’s estimates, it would cost somewhere between \$64 million and \$249 million each year to run a free e-File program.⁷ Intuit’s research tax break from 2022—which helped drive down your company’s federal tax rate to a paltry 10.5%, a lower rate than many middle-class Americans pay on their income—exceeds the lower bound of those estimates.⁸ In other words, with the money that the federal government used to subsidize Intuit’s research, the IRS could have offered free, online tax filing to millions of Americans, saving taxpayers the cost and risk of putting their data in the hands of the private tax preparation industry.⁹

The purpose of the federal research tax credits is to spur innovation and growth for the economy as a whole, not to subsidize the profits of already dominant companies.¹⁰ To that end, we call upon Intuit—the market leader of the private tax preparation industry¹¹—to answer the following questions about the expenses underlying your company’s federal research tax breaks by January 16, 2024:

1. How much did Intuit claim as research expenditures eligible for the federal research tax credit under Section 41 in each of the company’s fiscal years from 2018 to 2023?
2. How much did Intuit reduce its tax bill with the federal research tax credit under Section 41 in each of the company’s fiscal years from 2018 to 2023?
3. How much did Intuit claim as research expenditures eligible for the federal research and experimentation deduction under Section 174 in each of the company’s fiscal years from 2018 to 2023?
4. How much did Intuit reduce its tax bill with the federal research and experimentation deduction under Section 174 in each of the company’s fiscal years from 2018 to 2023?
5. The 2017 *Tax Cuts and Jobs Act* championed by President Trump required most research expenditures to be amortized over five years starting in 2022.¹² If Congress retroactively restored the expensing regime under Section 174—allowing companies to fully deduct their research expenses in the same year they are incurred—how much would this restoration retroactively reduce Intuit’s taxes for the company’s fiscal year 2023?
6. For each of Intuit’s fiscal years from 2018 to 2023, please provide a detailed explanation of your company’s research expenses claimed under Section 41 and Section 174.
 - a. How much did Intuit spend on research for software improvements?

⁷ Internal Revenue Service, “Inflation Reduction Act §10301(1)(B): IRS-run Direct e-File Tax Return System,” May 16, 2023, p. 3, <https://www.irs.gov/pub/irs-pdf/p5788.pdf>.

⁸ Institute on Taxation and Economic Policy, “Intuit Receives Millions in Federal Subsidies While Arguing IRS Direct File Would Be Too Costly,” Joe Hughes and Spandan Marasini, October 24, 2023, <https://itep.org/intuit-tax-breaks-irs-free-file>.

⁹ Office of Senator Elizabeth Warren, “Attacks on Tax Privacy: How the Tax Prep Industry Enabled Meta to Harvest Millions of Taxpayers’ Sensitive Data,” July 2023, https://www.warren.senate.gov/imo/media/doc/Attacks%20on%20Tax%20Privacy%20Report_7.12.2023.pdf.

¹⁰ Congressional Research Service, “Federal Research Tax Credit: Current Law and Policy Issues,” July 27, 2022, p. 2, <https://crsreports.congress.gov/product/pdf/RL/RL31181/72>.

¹¹ Bloomberg Second Measure, “TurboTax supercharges its market share during 2021 tax season”, Janine Perri, June 17, 2021, <https://secondmeasure.com/datapoints/tax-prep-2021-turbotax-hrblock-blucora>.

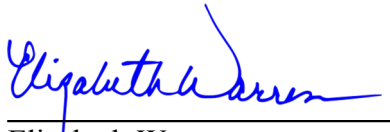
¹² Congressional Research Service, “Tax Treatment of Research Expenses: Current Law and Policy Issues,” December 19, 2022, p. 2, <https://crsreports.congress.gov/product/pdf/IN/IN11887>.

- b. How much did Intuit spend on research for cybersecurity improvements?
- c. How much did Intuit spend on advertising- or consumer-related research designed to increase the sale of products such as TurboTax?
- d. What other categories of claimed research expenses did Intuit undertake? How much did Intuit spend on each category?

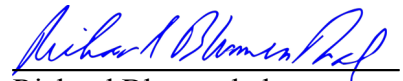
Americans deserve to know how their tax dollars are being spent, especially when their hard-earned money is being used to fund subsidies for corporations lobbying against federal programs that would benefit taxpayers.

Thank you for your attention to this important matter.

Sincerely,



Elizabeth Warren
United States Senator



Richard Blumenthal
United States Senator



Bernard Sanders
United States Senator



Katie Porter
Member of Congress