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TAXES

Warren, Shaheen Urge IRS to Probe TurboTax

Senators claim TurboTax has sent refunds to bank accounts opened without the permission of taxpayers.

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By Matthew Medsger, Boston Herald (TNS)

A pair of U.S. Senators representing New England states want the IRS to investigate after they say tax processing software company TurboTax has been sending refunds to bank accounts opened without the permission of taxpayers.

“Numerous taxpayers have reported that they cannot access their tax refunds due to Intuit’s partnership with Green Dot Bank,” Massachusetts Sen. Elizabeth Warren and New Hampshire Sen. Jeanne Shaheen said in a joint letter to Consumer Financial Protection Bureau Director Rohit Chopra, Federal Reserve Chairman Jerome Powell and Internal Revenue Service Commissioner Charles Rettig.

According to the lawmakers, Intuit, which owns TurboTax, has been depositing refunds into bank accounts opened by the tax company without the taxpayers’ direct knowledge. Those accounts, held by Austin, Texas, based Green Dot Bank, cannot be accessed by taxpayers, the senators wrote.

“While the Internal Revenue Service (IRS) online tool indicates a refund was issued, taxpayers find it difficult or impossible for them to access these funds, as the taxpayer’s own banking institution has no record of it and they have no existing banking relationship with Green Dot Bank,” they wrote.

The senators say some taxpayers who chose to pay for their TurboTax service with funds from their tax return cannot get to the remainder of their refunds and that, though there should be a mechanism to address the issue, some people are still without their cash despite the intervention of senate staffers.

“When such an event occurs, IRS technical advisors may then send the bank a formal request using Fiscal Service Form 150.1, but as the Senators state in their letter, their staff assisting impacted constituents have found the IRS cannot compel Green Dot Bank to respond to their request, leaving the taxpayer in the dark and unable to obtain any information about next steps,” Shaheen’s office said in a release along with the letter.

A solution, the senators wrote, would be for the IRS to simply implement their own tax filing software system and tell people how much they should pay.

“We urge the IRS to develop its own simple, free filing service that taxpayers can use if they prefer not to have their refunds diminished by fees, their tax data shared with private companies, and their money whisked into banks they themselves did not choose,” lawmakers wrote.

Congress rejected a 2007 proposal to direct the IRS to create its own free tax filing system. Later, in 2019, lawmakers attempted to make a free-filing system illegal and then backed off following public backlash over enshrining for-cost tax preparation into law.

Rick Heineman, a spokesperson for Intuit, told the Herald late Monday that the company works with customers and tax officials directly to see to any concerns.

“We work closely with our customers, banking partners, and the IRS to help resolve customer issues quickly and to their satisfaction. We have long worked with policymakers to support their constituents and unapologetically advocate for and work in the best interest of all taxpayers,” Heineman said in an emailed statement.

According to Heineman the amount a taxpayer receives back is not up to them or under their control, nor is the status of their bank accounts.

“The IRS is responsible for calculating and sending tax refunds. There are various reasons a taxpayer may receive a lower-than-expected refund or experience a delay in receiving their refund from the IRS, including when the IRS makes an adjustment to a tax return. Refund delays can also occur if a filer’s bank information is inaccurate or an account is no longer active,” he said.

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