

United States Senate

WASHINGTON, DC 20510

November 17, 2022

The Honorable Rohit Chopra
Director
Consumer Financial Protection Bureau
1700 G Street NW
Washington, DC 20552

The Honorable Jerome Powell
Chair
Board of Governors of the Federal Reserve System
20th Street and Constitution Ave NW
Washington, DC 20551

The Honorable Charles Rettig
Commissioner
Internal Revenue Service
1111 Constitution Avenue NW
Washington, DC 20224

Dear Director Chopra, Chair Powell and Commissioner Rettig:

We are writing to express concerns regarding the relationship between Intuit TurboTax and Green Dot Bank, which acts as a clearinghouse for the collection of TurboTax filing fees and distribution of tax refunds. New Hampshire and Massachusetts constituents are experiencing systemic challenges after filing tax returns online through TurboTax. These constituents, who chose to have their TurboTax fees deducted from their refunds, have had their refunds erroneously deposited into new accounts at Green Dot Bank without their permission, resulting in undue delays and hardship, with many having still not received their refunds. Taxpayers already waste too much time and money filing taxes. We urge you to investigate and address this situation for these taxpayers, and also to prevent private tax filing companies like Intuit from compelling more taxpayers to establish new accounts with partner banks, simply to claim their tax refunds.

Numerous taxpayers have reported that they cannot access their tax refunds due to Intuit's partnership with Green Dot Bank. 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. Since the taxpayer is not considered a Green Dot Bank customer, they are also unable to get past automated phone systems to speak with a live representative who can help.

When the IRS performs a trace to attempt to locate the funds, the refund is clearly found to have been deposited at Green Dot Bank. IRS technical advisors may then send the bank a formal request using Fiscal Service Form 150.1, but our staff 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 to gain access to the tax refund proceeds they are anxiously awaiting and to which they are entitled. To add insult to injury, by the time the taxpayer receives their refund (minus the TurboTax fees owed) the taxpayer may also have had their filing fees

subtracted directly by TurboTax from their actual bank account, setting the taxpayer up for another frustrating journey to receive reimbursement of the duplicate charges. Intuit and Green Dot Bank are likely profiting from this arrangement, as taxpayers are encouraged or even required to establish accounts with Green Dot Bank in order to claim their refunds.

The outsourcing of vital IRS functions undoubtedly benefits private companies like Intuit and Green Dot Bank, but also leads directly to financial damage and mental anguish for our constituents. We have advocated extensively for a truly free and simple process by which taxpayers may file their returns directly with the IRS, and we are glad that the recently enacted *Inflation Reduction Act* includes a directive for the IRS to take concrete steps towards implementing a simplified filing system, as well as significant resources to make the necessary IT investments, including \$25 billion for operations support, \$4.75 billion for business systems modernization, and \$4 billion for taxpayer services. 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.

At the same time, the Consumer Financial Protection Bureau, the Federal Reserve, and IRS as the relevant regulatory authorities should promptly and carefully scrutinize the issue of TurboTax customers' refunds being deposited in unwanted and inaccessible Green Dot Bank accounts, and investigate whether the companies are complying with consumer protection laws. In order to alleviate the immediate harm imposed on taxpayers and the tax collection system as a whole, we recommend the following actions:

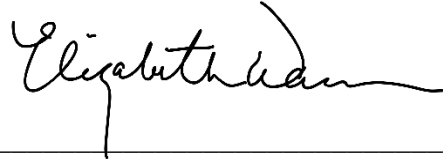
- A taxpayer should not be compelled to establish a new account with Green Dot Bank in order to have TurboTax fees deducted from the taxpayer's refund. The IRS should work with TurboTax and other third-party preparers to establish a mechanism whereby filing fees can be deducted from the amount of a taxpayer's return either directly by the IRS or through the taxpayer's existing financial institution.
- In the event the taxpayer does elect to use Green Dot Bank to receive tax refund proceeds, Green Dot Bank should be required to respond in a timely fashion to inquiries made by the taxpayer or the IRS on behalf of the taxpayer in any effort to locate and access that account.
- The IRS and CFPB should jointly endeavor further to develop and raise awareness of alternative options available for many taxpayers to file their taxes for free, without assistance from TurboTax or other third-party preparers, which would reduce or eliminate taxpayers' need to potentially rely on financial institutions with which they have no existing relationship in order to receive their tax refund.

In light of the above, we respectfully request a briefing for our staff within two weeks of receipt of this letter. Thank you for your attention to this matter.

Sincerely,



Jeanne Shaheen
United States Senator



Elizabeth Warren
United States Senator