

The Privacy Tax– How Consumers Face Increased Data Collection, Dark Patterns, and Increased Scam Risk Come Tax Time

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Trying to do your taxes can be a frustrating rollercoaster. When you go to complete your taxes, it's an annoying process that most want to get done as quickly as possible while maximizing your refund.

It's also a process that necessitates disclosure of your most sensitive details – your earnings, livelihood, marital status, charitable giving, and more. This makes it all the more critical that the data used to complete and file your tax forms are used only for that purpose.

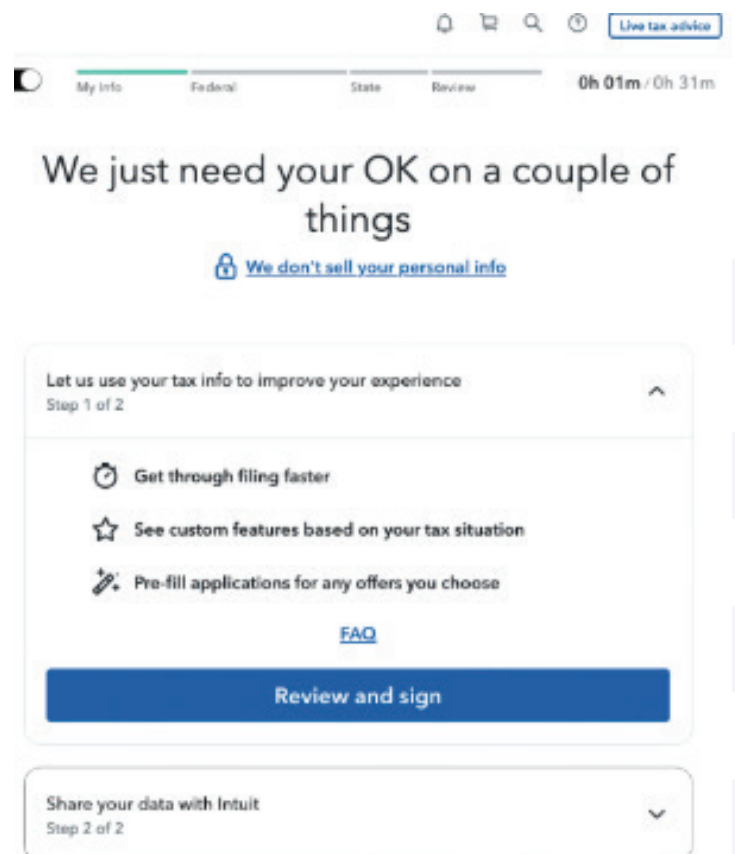
Enter H&R Block and TurboTax – ubiquitous players in the individual tax prep business [that spend millions](#) trying to keep it that way. They have [fought numerous efforts](#) for the US government to catch up to the rest of the world in making taxes easier and direct with the government. Intuit, the parent company of TurboTax, advertises near-constantly, and was [penalized by the FTC for their deceptive claims about returns being free just last year](#).

They employ what some call [“dark patterns,”](#) manipulative design practices that mislead users – Sometimes, it was straight-up deception, such as advertising that your filing will be FREE when more often than not, this is not the case. But more frequently, it's decision points in your tax prep process where they ask you if they can use your data for different purposes that would require months of investigation to fully understand.

They also have unclear, overlapping privacy “statements,” policies, “principles,” and more, leaving consumers guessing how their data is used even if they took the time to read and carefully consider it.

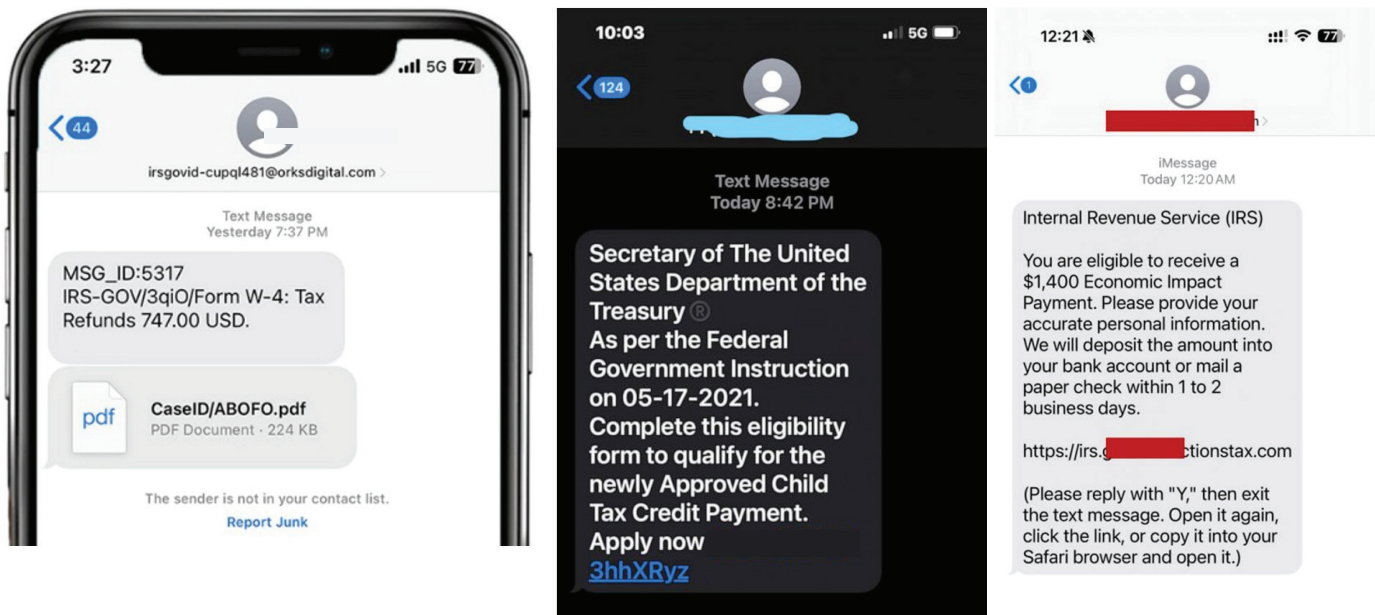
Critically, most of these tax prep companies - namely H&R Block and TurboTax - are part of conglomerates with numerous other businesses in financial services and beyond. They use their primary consumer facing business, the tax prep, to onboard you to other companies that keep you using their products year round, and some they sell your information or advertise their products to. In addition to the privacy and security of your data being risked, you're being constantly upsold by these companies and their partners.

A 2022 investigation also showed how H&R Block, TaxAct, and TaxSlayer share your sensitive information through allowing Meta



pixels, code included in many websites around the internet used by Meta (owner of Facebook, Instagram, and Threads) to transmit information from the pages where people input their sensitive information for use in advertising. A follow-up investigation from Congress corroborated and expanded on these privacy violations in [Attacks on Tax Privacy: How the Tax Prep Industry Enabled Meta to Harvest Millions of Taxpayers' Sensitive Data](#), in which they urged the DOJ to prosecute the tax prep companies that shares user data with Meta and Google.

At the same time, there have been notable increases in attempts to scam people out of money at tax time, often impersonating the IRS in ways that create urgency, fear, or excitement. These scam attempts may look like those below – never respond, open a link, or act on the threats or offered opportunities – rather, pause and verify directly with an IRS entity or certified tax professional if you think it may be real.



This report will highlight some key provisions of the tax prep companies' privacy practices, document how and when consumers are asked to "agree" to increased data collection, and offer tips for consumers at the end at how to navigate tax time with increased ease and control.

As illustrated, consumers face a confusing and frustrating maze of choices and policies while trying to do something they're required to do, and face constant risk of having your information collected, shared, and used in ways you might not consider.



Lowlights from the Privacy Policies and Tax User Experience

H&R Block

Before beginning your taxes, they ask you to “acknowledge that the H&R Block Privacy Notice was made available to me.” In that notice, they describe a wide variety of concerning practices if you were actually attempting to understand how your data is being used.

“Advertising networks” receive the following information from H&R Block for the express purposes of Sharing for Cross Context Behavioral Advertising :

- Internet or other electronic network activity information – such as browsing history, search history, and information regarding an individual’s interaction with an internet website, application, or advertisement; Inferences drawn from any of the information listed above
- Identifiers – such as name, postal address, unique personal identifier, online identifier, email address, account name, or other similar identifiers.
- Commercial information – such as information about products or services purchased, obtained, or considered, or other purchasing or consuming histories or tendencies.
- “Inferences drawn from any of the information listed above”

After a long list of how they disclose information, including for “marketing arrangements” and “offerings by our partners through our services,” they write the following legalese smorgasbord that amounts to ‘you could read this, and even if you do and understand it, our practices may be different.’

Some jurisdictions require us to disclose whether certain categories of personal information are collected, disclosed to third parties for a “business purpose,” “sold,” and/or “shared” for purposes of cross-context behavioral advertising (as those terms are defined under applicable law). Most of the personal information we collect, share, and disclose is subject to the Gramm-Leach-Bliley Act and other federal laws. Such information is not subject to certain state privacy laws, and while not required, may be included in the table below. In addition, we may

A screenshot of the H&R Block tax software interface. At the top, there is a dropdown menu set to "Federal". Below this, the heading reads "Let's personalize your H&R Block experience". A sub-heading states: "When you agree to share your tax details with us, you'll get access to relevant offers, and the latest updates on tax law changes that affect you (like student loan forgiveness or stimulus programs)." There are two input fields: "Taxpayer's full name" and "Today's date", with the date field containing "03/27/2025". Below the fields is a section for "Personalized Services" with a "Download agreement" link. A large text box contains the following text: "By agreeing, you authorize H&R Block* to disclose to H&R Block Personalized Services, LLC all your 2024 tax return info (excluding all Social Security numbers) and info regarding how long you have been an H&R Block customer so that, after you file, H&R Block Personalized Services can identify, offer, and provide products and services." Below this is a "Read more" link. At the bottom, there is a consent statement: "I consent to the disclosure of my information to H&R Block Personalized Services, LLC." Navigation buttons for "Back", "No Thanks", and "Next" are visible. A footer contains the copyright notice: "© 2024-2025 HRB Digital LLC. All Rights Reserved. Privacy Notice".



have collected, shared, and disclosed personal information in various contexts that may be subject to state privacy laws, which is reflected in the table below. Please note that the following table is not comprehensive, and we collect different information about people based on their relationship and interactions with us. Please note that in addition to the recipients identified below, we may disclose any of the categories of personal information we collect to government entities, as may be needed to comply with law or prevent illegal activity, or professional services organizations, such as auditors and law firms. We do not “sell” your personal information for money. As discussed elsewhere in this Notice, we use cookies and similar web technologies for purposes of targeted advertising. For more information, please see the [Information We Collect](#) section of this Notice.

Confirm your consent before we continue

We are dedicated to protecting your tax info. Your consent will allow H&R Block* to use this info to deliver personalized messages and determine your eligibility for Spruce, a mobile banking app built by H&R Block. [Learn more](#)

Taxpayer's full name Today's date

Personalized Spruce Offers [Download agreement](#)

Important Information

Federal law requires this consent form be provided to you. Unless authorized by law, we cannot use your tax return information for purposes other than the preparation and [Read more](#)

*HRB Digital and its affiliates

By entering the information above and clicking next, you agree to let H&R Block use your 2024 tax return info related to your Spruce Spending and Savings accounts.

[Back](#)

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When going through, they have you complete your social security number, address, marital status, and more, and then after agreeing on a filing status, provide you with the following decision-point.

After clicking no thanks, rather than getting to the next, you have another decision-point, this time trying to get you

You can click no thanks, then go through all of your tax input and after wrapping up the Federal taxes, you get another ad for the same product, which is present on the sidebar throughout the process.

Federal

H&R Block simplifies your taxes and Spruce simplifies your finances

Built by H&R Block

Spruce is a saving and a spending account with its own debit card for fast and easy transactions wherever you are. [Learn more](#)

- ✓ Federal tax refund up to 5 days early¹
- ✓ No monthly fees, no sign-up fees, no credit check
- ✓ Free credit score and insights²

Spruce fintech platform is built by H&R Block, which is not a bank. SpruceSM Spending and Savings Accounts established at, and debit card issued by, Pathward[®], N.A., Member FDIC, pursuant to license by Mastercard[®]. Mastercard and the circles design are registered trademarks of Mastercard International Incorporated.

[Back](#)

1. Does not change IRS refund processing speed. Claim is based on making federal refunds available when payment instruction is received, which may be earlier than scheduled payment date. Depends on timing of the IRS's payment file. Available only for federal refunds. May be changed or discontinued at any time.
2. Credit score is FICO[®] Score 8 based on Experian data. Your lender or insurer may use a different FICO Score than FICO Score 8, or another type of credit score altogether. FICO[®] is a trademark of Fair Isaac Corporation. This is a separate service from your Spruce bank accounts, provided by Pathward, N.A.



TurboTax

When logging on to Intuit TurboTax - you're using a company that owns and operates CreditKarma, QuickBooks, Mailchimp, and more. Before you even start, they ask you to use "third-party tracking technologies... to provide you a better online experience," and make you decide before continuing your taxes. There is no opportunity to read more or obtain a Privacy Policy before making the decision.

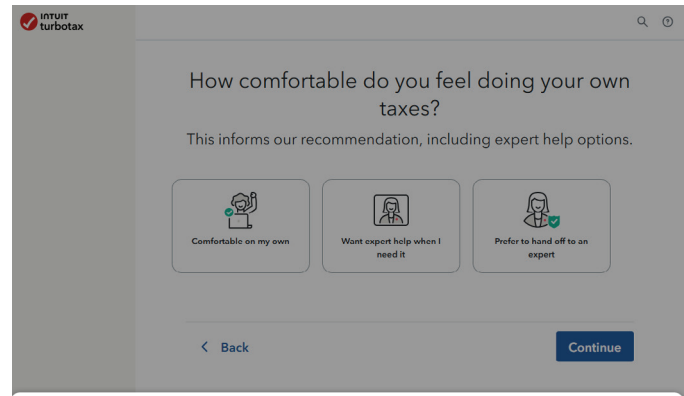
After putting in your social security number, address, job status, marital status, information about any children, and more, it pops up an innocuous "Don't miss out on important updates" pop-up.

While you can not check the box and click continue, it's **not made clear that you can select no, and there is no yes/no decision-point. The "yes" version – clicking the "Text me TurboTax offers and discounts, recommendations for faster filing, and tips to help me understand my taxes" requires you to agree to the terms below. When you look at "See terms," you agree to arbitration, your phone number being shared widely, and so much more.**

When you click "continue" without checking the box, there's no confirmation that you have not been signed up.

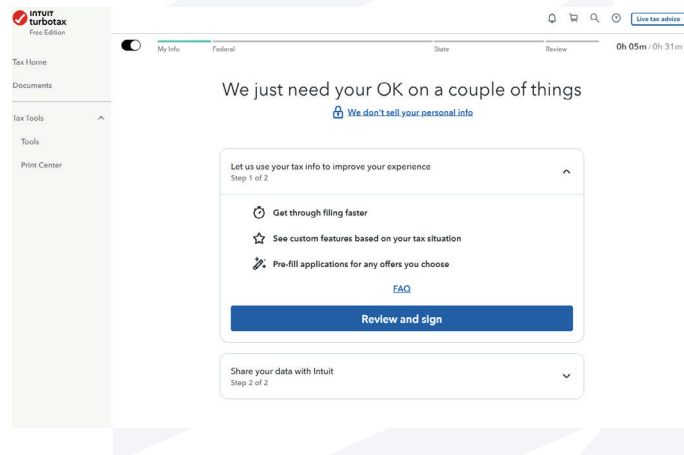
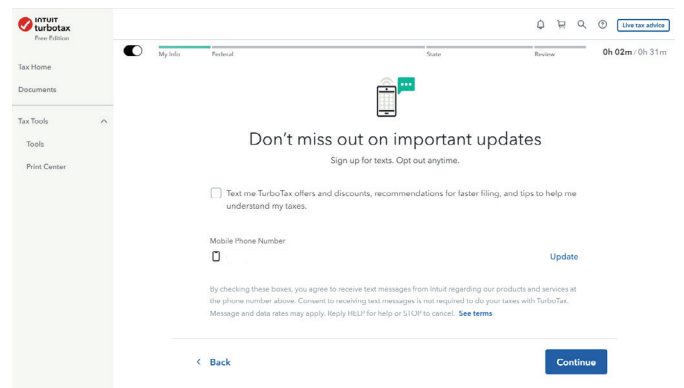
The next page is an innocuous "Just need your ok on a couple of things"

In big letters, it says "We don't sell your personal info," the following pops up when you click it



Before continuing your tax experience...

To provide you a better online experience, TurboTax uses third-party tracking technologies which share limited, non-tax information with advertising partners. By clicking "Yes" you agree to the use of these advertising trackers.





They don't talk about what they mean by sell, and what they mean by personal information and there is no clear direct link to the privacy policy *you are agreeing to*, but rather their privacy site and their "stewardship principles."

When reading through further, you can glean that you agree to the Intuit "global" privacy statement, that applies to their products. In that, they share how they provide your information to "Intuit platform partners," "for joint features, sales, promotions, and events," "with our affiliates and subsidiaries," and "for advertising and analytics." When further describing the data shared for advertising and analytics, Intuit explains that "Intuit may use advertising networks and other providers to display advertising on our Intuit Platform or on other sites. Intuit may share personal information with advertising networks and other providers to tailor advertising and offers presented to you based on your interactions with the Intuit Platform's products, services, and offerings."

While Intuit feels comfortable using a hyper-specific definition of "sell," they share data with partners, for advertising, and for purposes that are not your taxes.

Share your data with Intuit
Step 2 of 2

- See when your refund's ready, no matter how you choose to get it
- Get easier access to live, expert advice when you want it
- Connect TurboTax with your other products in the Intuit family

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How Intuit protects your privacy

We're serious about protecting your privacy and keeping your information secure. If you're here, we'd like to think it's because we've earned your trust and we don't take that lightly.

As part of our commitment to keeping your data safe, we:

- Do not sell your personal information.
- Give you transparency and control over how your data is shared.
- Get your permission before we publish or share data that identifies you.

[Visit our privacy site](#)

[View our data stewardship principles](#)



What can you do to protect your data at tax time:

- Despite [some efforts](#) to end the program, the IRS [Direct File](#) is still available in 25 states for the current tax filing year. This keeps the data with the agency have to submit it to ultimately and doesn't require you to engage with a private third party out to maximize profit. In the 12 states it was offered in as a pilot last year, the 140,803 users "[reported that Direct File was an easier tax preparation method than they had previously used.](#)" The more people use the program this year, the better chance at expansion it has in future years.
- If you don't live in a state that offers Direct File, consider using one of the IRS [trusted partners](#).
- Give yourself enough time to complete your taxes so that you aren't rushed and seemingly forced into checking in the box and allowing them to share information when you don't actually want to or wouldn't intend to otherwise. More often than not, you can reject the request for sharing more information. Companies capitalize on how rushed you are to get through the process.
- Tell your representatives that the status quo is something to find unacceptable. Advocate for retention and expansion of the Direct File program as well as data privacy laws that require something called data minimization, such as the [American Data Privacy Protection Act](#).
- Don't respond to or click on anything in texts from anyone purporting to be the IRS – regardless of whether they're creating urgency in positive (you're eligible for this credit!) or negative (you owe \$1500.00 TODAY). Report the messages as scams or junk, and independently confirm with the agency directly at [IRS.gov](#)

In conclusion, filing taxes should not be a maze of privacy risks and deceptive practices. However, for many consumers, this is the reality when dealing with major tax preparation companies like H&R Block and TurboTax. These companies, while promoting "free" services, increasingly use dark patterns to push consumers into agreeing to broad data collection and sharing practices that are not clearly explained or fully understood. Sensitive personal information, including social security numbers and financial details, is often used for purposes far beyond the intended task of filing taxes, such as for targeted advertising or the promotion of other financial products.

Some steps you can take to limit exposure include using IRS Direct File system, if it's available in your state, and taking your time if possible so you can carefully consider your decisions when clicking through. However, this shouldn't be on individuals to manage -- advocate for strong data privacy laws and expansion of the IRS Direct Free File program to your state and federal representatives.

Finally, beware of scams—especially during tax season, when fraudulent messages claiming to be from the IRS are rampant. Always verify information through official channels, and report any suspicious communications. By staying informed, vigilant, and advocating for better consumer protections, we can make tax season a safer, more secure experience for everyone. It's time for lawmakers to act and ensure that the tax filing process doesn't become another opportunity for companies to misuse our most sensitive information.