

Use smartphone app to file taxes

January 14 2011, By Sandra Block

You can make a restaurant reservation, check your bank balance, and shop online with your smartphone, and now you may be able to do your taxes, too.

Friday, Intuit's TurboTax will release SnapTax, a new [mobile application](#) that allows taxpayers who file a 1040EZ to prepare and file their federal and state income taxes on their smartphones. Customers can download the app for free, but will have to pay \$14.99 to file their tax returns.

The app uses [optical character recognition](#) technology to fill out users' tax returns. Once users take a picture of their W-2s with their smartphones, the app will automatically transfer information to the relevant lines on Form 1040EZ. After customers answer a few questions, they'll have an opportunity to check the return for accuracy before they file.

Like traditional tax preparation software, the app will display the amount of the refund. The process should take 15 to 30 minutes, says Bob Meighan, vice president of TurboTax.

More than 22 million Americans are eligible to file a 1040EZ, an abbreviated tax form available to taxpayers who claim the standard deduction, have no dependents, and earn less than \$100,000. Taxpayers who file the 1040EZ are "really the young and mobile crowd," and many of them have never used tax software, Meighan says.

TurboTax tested the app last year in California, where it was limited to

state tax returns. About 2,000 state residents downloaded the app, says TurboTax spokeswoman Colleen Gatlin.

Mary Canning, dean of the School of Taxation at Golden Gate University in San Francisco, showed a video about the app to her staff, who are in their 30s or younger, and asked them if they would use it. "They absolutely said they would," she says. "Every single one of them."

TurboTax's [app](#) provides the same security and privacy features found in TurboTax's tax preparation software, Gatlin says.

Still, individuals who want to use their phones to do their taxes need to take extra steps to protect themselves, says John Hering, founder of Lookout Mobile Security, a company that provides security products for mobile phones. The increased use of mobile devices to perform financial tasks has made them more attractive to cybercriminals, he says.

Criminals already have attempted to hijack information from online banking customers by creating apps that resembled those offered by major banks, he notes. Smartphone users should only download apps from Apple and Android stores, he says, and verify the identity of the developer.

People who use their mobile devices to conduct financial transactions should also take extra steps to protect their phones, Hering says, such as making sure phone data are password protected.

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