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February 5 after more than a dozen states sounded alarms about criminal hacks. However, it turns out that the program was not hacked.

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In news that made headlines on Friday, the company behind [TurboTax](#) – the the most-used do-it-yourself online income tax system in the U.S. – announced that it was forced to suspend electronic filing of all state income tax returns on February 5 after more than a dozen states sounded alarms about criminal hacks. However, it turns out that the program was not hacked.

The shutdown was short-lived. After about 24 hours, TurboTax's parent company,

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products and collect refunds.

The [Wall Street Journal](#) reported that Utah tax officials indicated that 19 states have identified potential fraud issues. Alabama alone said that it has identified as many as 16,000 suspicious tax returns, while Minnesota announced that it wasn't accepting individual tax returns through TurboTax until the issue is resolved. [Minnesota's Department of Revenue announced Saturday that the issue is resolved to their satisfaction and the state is once again accepting TurboTax returns.] Massachusetts and Vermont placed a temporary hold on state income tax refunds to ensure that payments go to legitimate recipients.

The stoppage did not include any tax returns handled by professional tax preparers who use Intuit products.

Intuit wasted no time in addressing these issues. After working closely with [Palantir](#), an independent firm providing security and anti-fraud services, the preliminary analysis was that the fraud attempts didn't result from a security breach of its systems and that the information used to file fraudulent returns was obtained from other sources. But the parties are still investigating matters.

"We understand the role we play in this important industry issue and continuously monitor our systems in search of suspicious activity," said Brad Smith, Intuit president and chief executive officer in a press release. "We've identified specific patterns of behavior where fraud is more likely to occur. We're working with the states to share that information and remedy the situation quickly. We will continue to engage them on an ongoing basis in an effort to stop fraud before it gets started."

TurboTax was likely an easy target because it is the most well-known online tax system, with variations of the system used to prepare 29 million tax returns last year. The software for the two next largest online providers, [H&R Block](#) and [TaxAct](#), each

was used to file about seven million self-prepared returns, tying for a distant second.

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actions perpetrated by con artists. This problem isn't new and it doesn't appear to be going away anytime soon.

Customers who filed their state tax returns using Intuit products during the brief freeze will have their returns transmitted as soon as possible. Intuit says that these tax filers do not need to take any further action.

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