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**REMARKS AS PREPARED FOR DELIVERY BY ASSISTANT ATTORNEY GENERAL VARNEY REGARDING JUSTICE DEPARTMENT LAWSUIT TO STOP H&R BLOCK INC. FROM BUYING TAXACT**

WASHINGTON, D.C.

Good morning and thank you for joining us. I know you have heard the old saying, there are only two things in life that are certain—death and taxes. Don’t worry, I’m not here to talk to you about death but I do want to talk to you about a significant enforcement action the Antitrust Division has taken today to ensure that the millions of consumers who each year use do-it-yourself tax programs will continue to have the benefit of competition.

This morning, the Department filed an antitrust lawsuit in U.S. District Court in Washington, D.C., to prevent H&R Block from acquiring TaxACT. We are blocking this transaction because the proposed merger would substantially lessen competition in the tax preparation software market, resulting in higher prices, lower quality and reduced innovation.

Between 35 and 40 million taxpayers use software products to prepare and file their federal and state income taxes. Three companies account for 90 percent of all sales of consumer tax software products. Combining H&R Block and TaxACT would destroy the head-to-head competition between these two companies, leaving only one other major competitor.

That is not enough competition in this valuable industry.

TaxACT is an aggressive competitor in the market, and is feared by both H&R Block and the only other leading provider of these products, Intuit.

The following statements, repeated in our lawsuit, made by H&R Block, show just how clear the competition is:

* A primary benefit for H&R Block in acquiring TaxACT is the “[E]limination of competitor.”
* In discussing the acquisition, H&R Block noted that one of the “strategic opportunities” of the deal was to “acquire TaxACT and eliminate the brand to regain control of industry pricing and further price erosion.”

We believe that these statements clearly reveal that TaxACT is a formidable competitor that is being acquired in order to thwart competition in the tax software market.

TaxACT is known as a “maverick” in this industry. Its conduct over the past several years has significantly disrupted the market and forced its competitors, including H&R Block, to lower prices, increase quality and continue to innovate.

For example, TaxACT was the first company to offer all taxpayers the ability to prepare and electronically file their federal individual tax returns for free directly from its website. Due to that competition, H&R Block felt significant pressure to offer a free product to consumers.

Also, TaxACT took the lead in another significant way – it offered lower prices at retail stores. Its desktop software is offered through a major retailer at a lower price than the comparable products from H&R Block and Intuit. TaxACT did not charge an additional fee to its customers to e-file their state returns and did not attempt to sell users additional features after purchase.

Once again, H&R Block recognized this offering was a significant competitive move by TaxACT.

These are all important reasons to maintain TaxACT as a competitor in this industry.

More and more consumers are choosing to prepare their federal and state returns using software products. The Department of Justice will make sure that these taxpayers have the opportunity to use the best, highest quality products at the lowest possible price.

Antitrust Division staff has worked hard and I want to thank them for their incredible work on this matter.

I would be happy to take your questions.

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