Risk Factors Comparison 2023-09-01 to 2022-09-02 Form: 10-K

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Our businesses routinely encounter and address risks, many of which could cause our future results to be materially different than we presently anticipate. Below, we describe significant factors, events and uncertainties that make an investment in our securities risky, categorized solely for ease of reference as strategic, operational, legal and compliance, and financial risks. The following events and consequences could have a material adverse effect on our business, growth, prospects, financial condition, results of operations, cash flows, liquidity, reputation and credit rating, and the trading price of our common stock could decline. These risks are not the only ones we face. We could also be affected by other events, factors or uncertainties that are presently unknown to us or that we do not currently consider to present significant risks to our business. These risks may be amplified by the effects of global developments ~~,~~ **and** conditions or events ~~like inflationary pressures~~ , **including macroeconomic uncertainty** ~~the Russia- Ukraine war~~ and **geopolitical conditions** ~~the COVID- 19 pandemic~~ , which have caused significant global economic instability and uncertainty ~~. The COVID- 19 pandemic has caused significant economic instability and uncertainty and the extent to which it will impact our business, results of operations and financial condition is uncertain and difficult to predict. The COVID- 19 pandemic has caused economic instability and uncertainty globally and, in fiscal 2020, had a temporary negative impact on our business. The severity and duration of the pandemic' s impact on our business and financial performance will depend on many factors beyond our control, including the emergence and virulence of new variants of the COVID- 19 virus, the related responses of governments and businesses, and the availability, effectiveness and adoption of vaccines and treatments. Potential and current negative impacts of the pandemic include, but are not limited to, the following: • There are new and more frequent attempts by malicious third parties seeking to take advantage of our employees while working remotely to fraudulently gain access to our systems, which could cause us to expend significant resources to remediate and could damage our reputation. • The complexity of resuming operations in our offices under a hybrid workplace model may adversely impact the productivity, health and well- being of our workforce and exacerbate security and execution risks that could cause us to lose the confidence of our customers and government agencies and harm our revenues and earnings. • Potential disruption of services on which we rely to deliver our services to our customers, such as our third- party customer success partners and financial institutions, could prevent us or our service providers from delivering critical services to our customers or accepting and fulfilling customer orders, any of which could materially and adversely affect our business or reputation. • Failure to realize some or all of the anticipated benefits of our mergers and acquisitions activities for reasons related to the pandemic may cause us to experience losses that result in significant harm to our operating results or financial condition. • There could be increased volatility in our stock price related to the pandemic, which could result in the loss of some or all of the value of an investment in Intuit. These and other potential negative impacts relating to the COVID- 19 pandemic are described further in the risk factors that follow~~ . STRATEGIC RISKS We face intense competitive pressures that may harm our operating results. We face intense competition in all of our businesses, and we expect competition to remain intense in the future. Our competitors and potential competitors range from large and established entities to emerging start- ups. Our competitors may introduce superior products and **services, successfully use and deploy new technologies such as artificial intelligence (AI) that may reduce customer demand for our products or** services, reduce prices, have greater technical, marketing and other resources, have greater name recognition, have larger installed bases of customers, have well- established relationships with our current and potential customers, advertise aggressively or beat us to market with new products and services. In addition, we face competition from existing companies, with large established consumer user- bases and broad- based platforms, who may change or expand the focus of their business strategies and marketing to target our customers, including small businesses, tax and personal financial management customers. We also face competition from companies with a variety of business models, including increased competition from providers of free offerings, particularly in our tax, accounting, payments and personal finance platform businesses. In order to compete, we have also introduced free offerings in several categories, but we may not be able to attract customers as effectively as competitors with different business models. In addition, other providers of free offerings may provide features that we do not offer and customers who have formerly paid for our products and services may elect to use our competitors' free offerings instead. These competitive factors may diminish our revenue and profitability, and harm our ability to acquire and retain customers. Our consumer tax business also faces significant potential competition from the public sector, where we face the risk of federal and state taxing authorities proposing revenue raising strategies that involve developing and providing government tax ~~Intuit Fiscal 2022 Form 10- K16 Tables of Contents~~ software or other government return preparation systems at public expense. These or similar programs may be introduced or expanded in the future, which may change the voluntary compliance tax system in ways that could cause us to lose customers and revenue. The IRS Free File Program is currently the sole means by which the IRS offers tax software directly to taxpayers and its continuation depends on a number of factors, including continued broad public awareness of and access to the free program and continued private industry donations, as well as continued government support. The Free File Program operates under an agreement that is scheduled to expire in October **2025. In May** 2023 **,** ~~. If the Free File Program were to be terminated or~~ the IRS ~~were~~ **announced a plan** to ~~enter~~ **begin a pilot project for the 2024 filing season to assess customer support and technology needs of a direct online tax filing system and the IRS' s ability to overcome the potential operational challenges of such a system. Through this or** ~~the~~ **other programs** ~~software development and return preparation space~~ , the federal government could become a publicly funded direct competitor of the U. S. tax services industry and of Intuit. Government funded services that curtail or eliminate the role of taxpayers in preparing their own taxes could potentially have material and adverse revenue implications on us. Future revenue growth depends upon our ability to adapt to technological change ~~as well as global trends in the way customers access software offerings~~ and successfully **extend our platform,** introduce new and enhanced products **, features** , services and business models. We operate in industries that are characterized by rapidly changing technology, evolving industry standards and frequent new product introductions. To meet the changing needs of our customers and partners and attract and retain top technical talent, we must continue to innovate, develop **and extend our platform,** new products and features, and enhance our ability to solve customer problems with emerging technologies, such as artificial intelligence and blockchain. **If we are not able to do this successfully, we may face a competitive disadvantage.** We have and will continue to devote significant resources to continue to develop our skills, tools and capabilities to capitalize on existing and emerging technologies **. Legislation or regulatory changes in these areas may mandate changes in our products that make them less attractive to users and hinder our ability to leverage emerging technologies and build out our platform capabilities** . Our consumer and professional tax businesses depend significantly on revenue from customers who return each year to use our updated tax preparation and filing software and services. As our existing products mature, encouraging customers to purchase product upgrades becomes more challenging unless new product releases provide features and functionality that have meaningful incremental value. As we continue to introduce and expand our new business models, including offerings that are free to end users, our customers may not perceive value in the additional benefits and services we offer beyond our free **Intuit Fiscal 2023 Form 10- K16 Tables of Contents** offering and may choose not to pay for those additional benefits or we may be unsuccessful in increasing customer adoption of these offerings or our risk profile may change, resulting in loss of revenue. We also provide additional customer benefits **across our platform** by utilizing customer data available to us through our existing offerings, and the growth of our business depends, in part, on our existing customers expanding their use of our products and services **across our platform** . If we are not able to effectively utilize our customers ~~’~~ **'** data to provide them with value or develop and clearly demonstrate the value of new or upgraded products or services to our customers, our revenues may be harmed ~~. While we offer our products on a variety of hardware platforms, if we cannot continue adapting our products to tablet and mobile devices, or if our competitors can adapt their products more quickly than us, our business could be harmed. As new devices and new platforms are continually being released, it is difficult to predict the problems we may encounter in developing versions of our products and services for use on mobile devices and we may need to devote significant resources to the creation, support, and maintenance of such offerings. Further, legislation or regulatory changes may mandate changes in our products that make them less attractive to users~~ . In some cases, we may expend a significant amount of resources and management attention on offerings that do not ultimately succeed in their markets. We have encountered difficulty in launching new products and services in the past. If we misjudge customer needs in the future, our new products and services may not succeed and our revenues and earnings may be harmed. We have also invested, and in the future, expect to invest in new business models, **technologies,** geographies, strategies and initiatives. Such endeavors may involve significant risks and uncertainties, including **a rapidly changing regulatory environment,** distraction of management from current operations, expenses associated with the initiatives ~~and~~ **,** inadequate return on investments **, and social or ethical scrutiny** . Because these new initiatives are inherently risky, they may not be successful and may harm our financial condition ~~and~~ **,** operating results **, or reputation** . We rely on ~~third- party~~ intellectual property in our products and services. Many of our products and services include **our own intellectual property, as well as the** intellectual property of third parties, which we license under agreements that may need to be renewed or renegotiated from time to time. We may not be able to obtain licenses to these third- party technologies or content on reasonable terms, or at all. If we are unable to obtain the rights necessary to use this intellectual property in our products and services, we may not be able to provide the affected offerings, and customers who are currently using the affected product may be disrupted, which may in turn harm our future financial results, damage our brand, and result in customer loss. Also, we and our customers have been and may continue to be subject to infringement claims as a result of the third- party intellectual property incorporated in our offerings **, including through our use of AI** . Although we try to mitigate this risk and we may not be ultimately liable for any potential infringement, pending claims require us to use significant resources, require management attention and could result in loss of customers. Some of our offerings include third- party software that is licensed under ~~so- called~~ " open source " licenses, some of which may include a requirement that, under certain circumstances, we make available, or grant licenses to, any modifications or derivative works we create based upon the open source software. Although we have established internal review and approval processes to mitigate these risks, we cannot be sure that all open source software is submitted for approval prior to use in our products. Many of the risks associated with usage of open source may not be eliminated and, if not properly addressed, may harm our business. ~~Intuit Fiscal 2022 Form 10- K17~~ Our intellectual property rights are valuable, and any inability to protect them could reduce the value of our products, services and brand. Our patents, trademarks, trade secrets, copyrights, domain names and other intellectual property rights are important assets for us. We aggressively protect our intellectual property rights by relying on federal, state and common law rights in the U. S. and internationally, as well as a variety of administrative procedures. We also rely on contractual restrictions to protect our proprietary rights in products and services. The efforts that we take to protect our proprietary rights may not always be sufficient or effective. **In addition, there is uncertainty about the validity and enforceability of intellectual property rights that may result from our use of generative AI.** Protecting our intellectual property rights is costly and time consuming and may not be successful in every location. Any significant impairment of our intellectual property rights could harm our business, our brand **,** and our ability to compete. Policing unauthorized use and copying of our products is difficult, expensive **,** and time consuming. Current U. S. laws that prohibit copying give us only limited practical protection from software piracy and the laws of many other countries provide very little protection. We frequently encounter unauthorized copies of our software being sold through online marketplaces. Although we continue to evaluate and put in place technology solutions to attempt to lessen the impact of piracy and engage in efforts to educate consumers and public policy leaders on these issues and cooperate with industry groups in their efforts to combat piracy, we expect piracy to be a persistent problem that results in lost revenues and increased expenses. Our business depends on our strong reputation and the value of our brands. Developing and maintaining awareness of our brands **and platform strategy** is critical to achieving widespread acceptance of our existing and future products and services and is an important element in attracting new customers **and expanding our business with existing customers** . Adverse publicity (whether or not justified) relating to events or activities attributed to us, members of our workforce, agents, third parties we rely on, or our users, may tarnish our reputation and reduce the value of our brands **. Perceived social harm or unfairness of outcomes relating to the use of new and evolving technologies such as AI in our offerings, may result in reputational harm and liability, and may cause us to incur additional research and development costs to resolve such issues** . Our brand value also depends on our ability to provide secure and trustworthy products and services **,** as well as our ability to protect and use our customers' data in a manner that meets their expectations. In addition, a security incident that results in unauthorized disclosure of our customers' sensitive data could cause material reputational harm. **Intuit Fiscal 2023 Form 10- K17** We have public environmental, social **,** and governance (ESG) commitments, including our goals to increase the diversity of our workforce, create and prepare individuals for jobs and have a positive impact on the climate. Our ability to achieve these goals is subject to numerous risks that may be outside of our control. Our failure or perceived failure to achieve our ESG goals or maintain ESG practices that meet evolving stakeholder expectations could harm our reputation, adversely impact our ability to attract and retain employees or customers **,** and expose us to increased scrutiny from the investment community and enforcement authorities. Our reputation also may be harmed by the perceptions that our customers, employees and other stakeholders have about our action or inaction on social, ethical, or political issues. Damage to our reputation and loss of brand equity may reduce demand for our products and services and thus have an adverse effect on our future financial results, as well as require additional resources to rebuild our reputation and restore the value of the brands and could also reduce our stock price. Our acquisition and divestiture activities may disrupt our ongoing business, may involve increased expenses and may present risks not contemplated at the time of the transactions. We have acquired and may continue to acquire companies, products, technologies and talent that complement our strategic direction, both in and outside the United States. Acquisitions ~~, such as our acquisition of Mailchimp,~~ involve significant risks and uncertainties, including: • inability to successfully integrate the acquired technology, data assets and operations into our business and maintain uniform standards, controls, policies, and procedures; • inability to realize synergies or anticipated benefits expected to result from an acquisition within the expected time ~~fame~~ **frame** or at all; • disruption of our ongoing business and distraction of management; • challenges retaining the key employees, customers, resellers and other business partners of the acquired operation; • the internal control environment of an acquired entity may not be consistent with our standards or with regulatory requirements, and may require significant time and resources to align or rectify; • unidentified issues not discovered in our due diligence process, including product or service quality issues **, security policies, standards, and practices** , intellectual property issues and legal contingencies; • failure to successfully further develop an acquired business or technology and any resulting impairment of amounts currently capitalized as intangible assets; • risks associated with businesses we acquire or invest in, which may differ from or be more significant than the risks our other businesses face; • in the case of foreign acquisitions and investments, the impact of particular economic, tax, currency, political, legal and regulatory risks associated with specific countries; and ~~Intuit Fiscal 2022 Form 10- K18~~ • to the extent we use debt to fund acquisitions or for other purposes, our interest expense and leverage will increase significantly, and to the extent we issue equity securities as consideration in an acquisition, current shareholders' percentage ownership and earnings per share will be diluted. We have divested and may in the future divest certain assets or businesses that no longer fit with our strategic direction or growth targets. Divestitures involve significant risks and uncertainties, including: • inability to find potential buyers on favorable terms; • failure to effectively transfer liabilities, contracts, facilities and employees to buyers; • requirements that we retain or indemnify buyers against certain liabilities and obligations; • the possibility that we will become subject to third- party claims arising out of such divestiture; • challenges in identifying and separating the intellectual property, systems and data to be divested from the intellectual property, systems and data that we wish to retain; • inability to reduce fixed costs previously associated with the divested assets or business; • challenges in collecting the proceeds from any divestiture; • loss of key employees who leave us as a result of a divestiture; and • if customers or partners of the divested business do not receive the same level of service from the new owners, **or the new owners do not handle the customer data with the same level of care,** our other businesses may be adversely affected, to the extent that these customers or partners also purchase other products offered by us or otherwise conduct business with our retained business. In addition, any acquisition or divestiture that we announce may not be completed if closing conditions are not satisfied. Because acquisitions and divestitures are inherently risky, our transactions may not be successful and may, in some cases, harm **Intuit Fiscal 2023 Form 10- K18** our operating results or financial condition. In particular, if we are unable to successfully operate together with ~~Credit Karma, Mailchimp or~~ any ~~other~~ company that we acquire to achieve shared growth opportunities or combine reporting or other processes within the expected time frame or at all, there may be a material and adverse effect on the benefits that we expect to achieve as a result of the acquisition, and we could experience additional costs or loss of revenue. Moreover, adverse changes in market conditions and other factors, including those listed above, may cause an acquisition to be dilutive to Intuit' s operating earnings per share for a period of time. Any dilution of our non- GAAP diluted earnings per share could cause the price of shares of Intuit Common Stock to decline or grow at a reduced rate. OPERATIONAL RISKS Security incidents, improper access to or disclosure of our data or customers' data, or other cyberattacks on our systems could harm our reputation and adversely affect our business. We host, collect, use and retain large amounts of sensitive and personal customer and workforce data, including credit card information, tax return information, bank account numbers, credit report information, login credentials and passwords, personal and business financial data and transactions data, social security numbers and payroll information, as well as our confidential, nonpublic business information. We use commercially available security technologies and security and business controls to limit access to and use of such sensitive data. Although we expend significant resources to ~~create~~ **implement** security protections designed to shield this data against potential theft and security breaches, such measures cannot provide absolute security. Our technologies, systems, and networks have been subject to, and are increasingly likely to continue to be the target of, cyberattacks, computer viruses, ransomware or other malware, worms, social engineering, malicious software programs, insider threats, and other cybersecurity incidents that could result in the unauthorized release, gathering, monitoring, use, loss or destruction of sensitive and personal data of our customers and our workforce, or Intuit' s sensitive business data or cause temporary or sustained unavailability of our software and systems. While we maintain cybersecurity insurance, our insurance may not be sufficient to cover all liabilities described herein. These types of incidents can be caused by malicious third parties, acting alone or in groups, or more sophisticated organizations including nation- states or state- sponsored organizations, and the risks could be elevated in connection with the Russia- Ukraine war. Customers who fail to update their systems, continue to run software that we no longer support, fail to install security patches on a timely basis or inadequately use security controls create vulnerabilities and make it more difficult for us to detect and prevent these kinds of attacks. We are increasingly incorporating open source software into our products, and there may be vulnerabilities in open source software that make it susceptible to cyberattacks. In addition, because the techniques used to obtain unauthorized access to sensitive information change frequently, and are becoming more sophisticated and are often not able to be detected until after a successful attack, we may be unable to anticipate these techniques or implement adequate preventive measures. Although this is an industry- wide problem that affects software and hardware across platforms, it may increasingly affect our offerings because cyber- criminals tend to focus their efforts on well- known offerings that are popular among customers and hold sensitive personal or financial information, like our digital money offerings, and we expect them to continue to do so. ~~Intuit Fiscal 2022 Form 10- K19~~ Further, the security measures that we implement may not be able to prevent unauthorized access to our products and our customers' account data. While we require annual security training for our workforce, malicious third parties have in the past **, and** may in the future **,** be able to fraudulently induce members of our workforce, customers **, vendors, partners,** or users by social engineering means, such as email phishing, to disclose sensitive information in order to gain access to our systems. It is also possible that unauthorized access to or disclosure of customer data may occur due to inadequate use of security controls by our customers or our workforce. Accounts created with weak or recycled passwords could allow **cyber-** ~~cyberattackers~~ ----- **attackers** to gain access to customer data. Unauthorized persons could gain access to customer accounts if customers do not maintain effective access controls of their systems and software. In addition, we have and will continue to experience new and more frequent attempts by malicious third parties to fraudulently gain access to our systems, such as through increased email phishing of our workforce **, customers, and users** . Criminals may also use stolen identity information obtained outside of our systems to gain unauthorized access to our customers' data. We have experienced such instances in the past and as the accessibility of stolen identity information increases, generally, we may experience further instances of unauthorized access to our systems through the use of stolen identity information of our customers or our workforce in the future. Further, our customers may choose to use the same login credentials across multiple products and services unrelated to our products. Such customers' login credentials may be stolen from products offered by third- party service providers unrelated to us and the stolen identity information may be used by a malicious third party to access our products, which could result in disclosure of confidential information. In addition, our shift to a hybrid workplace model, where our workforce will spend a portion of their time working in our offices and a portion of their time working **remotely** ~~from home~~ , introduces operational complexity that exacerbates our security- related risks. Our efforts to protect data may also be unsuccessful due to software bugs (whether open source or proprietary code), break- ins, workforce error or other threats that evolve. Further, because we have created an ecosystem where customers can have one identity across multiple Intuit products, a security incident may give access to increased amounts of customer data. This may result in disclosure of confidential information, loss of customer confidence in our products, possible litigation, material harm to our reputation and financial condition, disruption of our or our customers' business operations **,** and a decline in our stock price. From time to time, we **Intuit Fiscal 2023 Form 10- K19** detect, or receive notices from customers or public or private agencies that they have detected, actual or perceived vulnerabilities in our infrastructure, our software or third- party software components that are distributed with our products or fraudulent activity by unauthorized persons utilizing our products with stolen customer identity information. The existence of such vulnerabilities or fraudulent activity, even if they do not result in a security breach, may undermine customer confidence as well as the confidence of government agencies that regulate our offerings. Such perceived vulnerabilities could also seriously harm our business by tarnishing our reputation and brand and limiting the adoption of our products and services and could cause our stock price to decline. **In some cases, such vulnerabilities may not be immediately detected, which could exacerbate the risk of a security incident and the related effects on our businesses.** Additionally, Credit Karma is subject to an order issued in 2014 by the Federal Trade Commission (FTC) that, among other things, requires maintenance of a comprehensive security program relating to the development and management of new and existing products and services and ~~biannual~~ **biennial** independent security assessments for 20 years from the date of the order. To the extent Credit Karma shares data covered by the order with Intuit, the order may apply to Intuit with respect to such data. Credit Karma' s failure to fulfill the requirements of the FTC' s order could result in fines, penalties, regulatory inquiries, investigations and claims, and negatively impact our business and reputation. A cybersecurity incident affecting the third parties we rely on could expose us or our customers to a risk of loss or misuse of confidential information and significantly damage our reputation. We depend on a number of third parties, including vendors, developers and partners who are critical to our business. We or our customers may grant access to customer data to these third parties to help deliver customer benefits, or to host certain of our and our customers' sensitive and personal data. In addition, we share sensitive, nonpublic business information (including, for example, materials relating to financial, business and legal strategies) with other vendors in the ordinary course of business. While we conduct background checks of our workforce, conduct reviews of partners, developers and vendors and use commercially available technologies to limit access to systems and data, it is possible that malicious third parties may misrepresent their intended use of data or may circumvent our controls, resulting in accidental or intentional disclosure or misuse of our customer or workforce data. Further, while we conduct due diligence on the security and business controls of our third- party partners, we may not have the ability to effectively monitor or oversee the implementation of these control measures. Malicious third parties may be able to circumvent these security and business controls or exploit vulnerabilities that may exist in these controls, resulting in the disclosure or misuse of sensitive business and personal customer or workforce information and data. In addition, malicious actors may attempt to use the information technology supply chain to compromise our systems by, for example, introducing malware through software updates. A security incident involving third parties we rely on may have serious negative consequences for our businesses, including disclosure of sensitive customer or workforce data, or confidential or competitively sensitive information regarding our business, including intellectual property and other proprietary data; make our products more vulnerable to fraudulent activity; cause temporary or sustained unavailability of our software and systems; result in possible litigation, fines, penalties and damages; result in loss of customer confidence; cause material harm to our reputation and brands; lead to further regulation and oversight by federal or state agencies; cause adverse financial condition; and result in a reduced stock price. ~~Intuit Fiscal 2022 Form 10- K20~~ Concerns about the current privacy and cybersecurity environment, generally, could deter current and potential customers from adopting our products and services and damage our reputation. The continued occurrence of cyberattacks and data breaches on governments, businesses and consumers in general indicates that we operate in an external environment where cyberattacks and data breaches are becoming increasingly common. If the global cybersecurity environment worsens, and there are increased instances of security breaches of third- party offerings where consumers' data and sensitive information is compromised, consumers may be less willing to use online offerings, particularly offerings like ours in which customers often share sensitive financial data. **Additionally, political uncertainty and military actions, such as the Russia-Ukraine War, may subject us and our service providers to heightened risks of security incidents.** In addition, the increased availability of data obtained as a result of breaches of third- party offerings could make our own products more vulnerable to fraudulent activity. Even if our products are not affected directly by such incidents, any such incident could damage our reputation and deter current and potential customers from adopting our products and services or lead customers to cease using online and connected software products to transact financial business altogether. If we are unable to effectively combat the increasing amount and sophistication of fraudulent activities by malicious third parties, we may suffer losses, which may be substantial, and lose the confidence of our customers and government agencies and our revenues and earnings may be harmed. **Many of the** ~~The online tax preparation, payroll, payments, lending and personal financial management~~ industries **in which we operate** have been experiencing an increasing amount of fraudulent activities by malicious third parties, and those fraudulent activities are becoming increasingly sophisticated. Although we do not believe that any of this activity is uniquely targeted at our products or businesses, this type of fraudulent activity may adversely impact our tax, payroll, payments, lending **, marketing automation** and personal financial management businesses, and the risk is heightened when our workforce is working ~~from home~~ **both on campus and remotely under our hybrid work model** . In addition to any losses that may result from such fraud, which may be substantial, a loss of confidence by our customers or by governmental agencies in our ability to prevent fraudulent activity may seriously harm our business and damage our brand. If we cannot adequately combat such fraudulent activity, governmental authorities may refuse to allow us to continue to offer the affected services, or these services may otherwise be adversely impacted, which could include federal or state tax authorities refusing to allow us to **Intuit Fiscal 2023 Form 10- K20** process our customers' tax returns electronically, resulting in a significant adverse impact on our earnings and revenue. As fraudulent activities become more pervasive and increasingly sophisticated, and fraud detection and prevention measures must become correspondingly more complex to combat them across the various industries in which we operate, we may implement risk control mechanisms that could make it more difficult for legitimate customers to obtain and use our products, which could result in lost revenue and negatively impact our earnings. If we fail to process transactions effectively or fail to adequately protect against disputed or potential fraudulent activities, our business may be harmed. Our operations process a significant volume and dollar value of transactions on a daily basis, especially in our **money** ~~payroll, payments~~ and personal financial management businesses. Despite our efforts to ensure that effective processing systems and controls are in place to handle transactions appropriately, it is possible that we may make errors or that funds may be misappropriated due to fraud. The likelihood of any such error or misappropriation is magnified as we increase the volume and speed of the transactions we process. If we are unable to effectively manage our systems and processes, or if there is an error in our products, we may be unable to process customer data in an accurate, reliable and timely manner, which may harm our reputation, the willingness of customers to use our products, and our financial results. In our payments processing service business, if a disputed transaction between a merchant and its customer is not resolved in favor of the merchant, we may be required to pay those amounts to the payment or credit card network and these payments may exceed the amount of the customer reserves established to make such payments. Business interruption or failure of our information technology and communication systems may impair the availability of our products and services, which may damage our reputation and harm our future financial results. Our reputation and ability to attract, retain and serve our customers is dependent upon the reliable performance of our products and our underlying technical infrastructure. As we continue to grow our online services, we become more dependent on the continuing operation and availability of our information technology and communications systems and those of our external service providers, including, for example, third- party Internet- based or cloud computing services. We do not have redundancy for all of our systems, and our disaster recovery planning may not account for all eventualities. We have designed a significant portion of our software and computer systems to utilize data processing and storage capabilities provided by public cloud providers ~~, such as Amazon Web Services~~ . If any public cloud service that we use is unavailable to us for any reason, our customers may not be able to access certain of our cloud products or features, which could significantly impact our operations, business, and financial results. Failure of our systems or those of our third- party service providers, may result in interruptions in our service and loss of data or processing capabilities, all of which may cause a loss in customers, refunds of product fees, material harm to our reputation and operating results. Our tax businesses must effectively handle extremely heavy customer demand during critical peak periods ~~, which typically occur from January until April of each year~~ . We face significant risks in maintaining adequate service levels during these peak ~~Intuit Fiscal 2022 Form 10- K21~~ periods when we have historically derived a substantial portion of our overall revenue from the tax businesses. Any interruptions in our online tax preparation or electronic filing service at any time during the tax season, particularly during a peak period, could result in significantly decreased revenue, lost customers, unexpected refunds of customer charges, negative publicity and increased operating costs, any of which could significantly harm our business, financial condition and results of operations. We rely on internal systems and external systems maintained by manufacturers, distributors and other service providers to take and fulfill customer orders, handle customer service requests and host certain online activities. Any interruption or failure of our internal or external systems may prevent us or our service providers from accepting and fulfilling customer orders or cause company and customer data to be unintentionally disclosed. Our continuing efforts to upgrade and expand our network security and other information systems as well as our high-availability capabilities are costly, and problems with the design or implementation of system enhancements may harm our business and our results of operations. Our business operations, information technology and communications systems are vulnerable to damage or interruption from natural disasters, **effects of** climate change, human error, malicious attacks, fire, power loss, telecommunications failures, computer viruses and malware, computer denial of service attacks, terrorist attacks, public health emergencies and other events beyond our control. For example, we shifted to operations under a hybrid workplace model where our workforce spends a portion of their time working in our offices and a portion of their time working **remotely** ~~from home~~ . This model has introduced new execution risks and we may experience longer- term disruptions to our operations as we evolve our workplace model, any of which may impair our ability to perform critical functions or could make it considerably more difficult to develop, enhance and support our products and services. In addition, **since** our corporate headquarters and other critical business operations are located near major seismic faults **, our recovery in the event of a major earthquake or other catastrophic event may require us to expend significant time and resources and may adversely affect our financial condition and operating results. Further, the adverse effects of any such adverse event would be exacerbated if experienced at the same time as another unexpected and adverse event** . In the event of a major natural or man- made disaster, our insurance coverage may not completely compensate us for our losses and our future financial results may be materially harmed. **Intuit Fiscal 2023 Form 10- K21** We regularly invest resources to update and improve our internal information technology systems and software platforms. Should our investments not succeed, or if delays or other issues with new or existing internal technology systems and software platforms disrupt our operations, our business could be harmed. We rely on our network infrastructure, data hosting, public cloud and software- as- a- service providers, and internal technology systems for many of our development, marketing, operational, support, sales, accounting and financial reporting activities. We are continually investing resources to update and improve these systems and environments in order to meet existing needs, as well as the growing and changing requirements of our business and customers. If we experience prolonged delays or unforeseen difficulties in updating and upgrading our systems and architecture, we may experience outages and may not be able to deliver certain offerings and develop new offerings and enhancements that we need to remain competitive. Such improvements and upgrades are often complex, costly and time consuming. In addition, such improvements can be challenging to integrate with our existing technology systems, or may uncover problems with our existing technology systems. Unsuccessful implementation of hardware or software updates and improvements could result in outages, disruption in our business operations, loss of revenue or damage to our reputation. If we are unable to develop, manage and maintain critical third- party business relationships, our business may be adversely affected. Our growth is increasingly dependent on the strength of our business relationships and our ability to continue to develop, manage and maintain new and existing relationships with third- party partners. We rely on various third- party partners, including software and service providers **, platforms** , suppliers, credit reporting bureaus, vendors, manufacturers, distributors, accountants, contractors, financial institutions, core processors, licensing partners and development partners, among others, in many areas of our business in order to deliver our offerings and operate our business. Credit Karma generates revenue from its relationships with financial institution partners, which are subject to particular risks that affect their willingness to offer their products on Credit Karma' s platform, such as adverse economic conditions **, the introduction of competing products on their platforms,** and an increasing complexity in the regulatory environment. We also rely on third parties to support the operation of our business by maintaining our physical facilities, equipment, power systems and infrastructure. In certain instances, these third- party relationships are sole source or limited source relationships and can be difficult to replace or substitute depending on the level of integration of the third party’ s products or services into, or with, our offerings and / or the general availability of such third party’ s products and services. In addition, there may be few or no alternative third- party providers or vendors in the market. Further, there can be no assurance that we will be able to adequately retain third- party contractors engaged to help us operate our business. Additionally, the business operations of our third- party partners ~~have been~~ and ~~could continue to be disrupted by global events like the Russia- Ukraine War and the COVID- 19 pandemic, including the effects on their~~ -- **the** third- party partners **who support them have been and could continue to be disrupted by the effects of uncertain macroeconomic environment and global events, including pandemics and endemics** . If our third- party partners are unable to help us operate our business **or prevent us from delivering critical services to our customers or accepting and fulfilling customer orders** , our business and financial results may be negatively impacted. The failure of third parties to provide acceptable and high quality products, services and technologies or to update their products, services and technologies may result in a disruption to our business operations and our customers, which may reduce our revenues and profits, cause us to lose customers and damage our reputation. Alternative arrangements and services may not be available to us on commercially reasonable terms or at all, or we may experience business interruptions upon a transition to an alternative partner. ~~Intuit Fiscal 2022 Form 10- K22~~ Although we have strict standards for our suppliers and business partners to comply with the law and company policies regarding workplace and employment practices, data use and security, environmental compliance, intellectual property licensing and other applicable regulatory and compliance requirements, we cannot control their day- to- day practices. Any violation of laws or implementation of practices regarded as unethical could result in supply chain disruptions, canceled orders, terminations of or damage to key relationships, and damage to our reputation. In particular, we have relationships with banks, credit unions and other financial institutions that support certain critical services we offer to our customers. If macroeconomic conditions or other factors cause any of these institutions to fail, consolidate, stop providing certain services or institute cost- cutting efforts, **or give rise to speculation relating to such events,** our business and financial results may suffer and we may be unable to offer those services to our customers **. For example, if one of the counterparty financial institutions with whom we have significant deposits were to become insolvent, placed into receivership, or file for bankruptcy, our ability to recover our assets from such counterparty may be limited, which could negatively impact our results of operations and financial condition** . We increasingly utilize the distribution platforms of third parties like Apple’ s App Store and Google’ s Play Store for the distribution of certain of our product offerings. Although we benefit from the strong brand recognition and large user base of these distribution platforms to attract new customers, the platform owners have wide discretion to change the pricing structure, terms of service and other policies with respect to us and other developers. Any adverse changes by these third parties could adversely affect our financial results. Competition for our key employees is intense and we may not be able to attract, retain and develop the highly skilled employees we need to support our strategic objectives. Much of our future success depends on the continued service and availability of skilled employees, including members of our executive team, and those in technical and other key positions. Experienced individuals with skill sets in software as a service, **Intuit Fiscal 2023 Form 10- K22 financial technology,** mobile technologies, data science, artificial intelligence and data security are in high demand and we have faced and will continue to face intense competition globally to attract and retain a diverse workforce with these and other skills that are critical to our success. This is especially the case in California and India where a significant number of our employees are located. The compensation and incentives we have available to attract, retain and motivate employees may not meet the expectations of current and prospective employees as the competition for talent intensifies. For example, our equity awards may become less effective if our stock price decreases or increases at a slower rate than our talent competitors ~~’~~ **'** . In addition, if we were to issue significant additional equity to attract or retain employees, the ownership of our existing stockholders would be diluted and our related expenses would increase. Other factors may make it more challenging for us to continue to successfully attract, retain and develop key employees. For example, current and prospective employees may seek new or different opportunities based on mobility, location flexibility or any challenges we face in **the success of our hybrid work model or** achieving our publicly stated workforce diversity goals **. Uncertainty in the development, deployment, and use of artificial intelligence in our platform and products and by our customers may result in harm to our business and reputation. We continue to build systems and tools that incorporate AI- based technologies, including generative AI for customers, experts, and our workforce. We also use third parties to support this work. As with many innovations, AI presents risks and challenges that could adversely impact our business. The development, adoption, and use for generative AI technologies are still in their early stages and ineffective or inadequate AI development or deployment practices by Intuit or third- party developers or vendors could result in unintended consequences. For example, AI algorithms that we use may be flawed or may be based on datasets that are biased or insufficient. In addition, any latency, disruption, or failure in our AI systems or infrastructure could result in delays or errors in our offerings. Developing, testing, and deploying resource- intensive AI systems may require additional investment and increase our costs. There also may be real or perceived social harm, unfairness, or other outcomes that undermine public confidence in the use and deployment of AI. In addition, third parties may deploy AI technologies in a manner that reduces customer demand for our products and services. Any of the foregoing may result in decreased demand for our products or harm to our business, results of operations or reputation. The legal and regulatory landscape surrounding AI technologies is rapidly evolving and uncertain including in the areas of intellectual property, cybersecurity, and privacy and data protection. For example, there is uncertainty around the validity and enforceability of intellectual property rights related to our use, development, and deployment of AI. Compliance with new or changing laws, regulations or industry standards relating to AI may impose significant operational costs and may limit our ability to develop, deploy or use AI technologies. Failure to appropriately respond to this evolving landscape may result in legal liability, regulatory action, or brand and reputational harm** . If we experience significant product accuracy or quality problems or delays in product launches, it may harm our revenue, earnings and reputation. Our customers rely on the accuracy of our offerings. All of our tax products and many of our non- tax products have rigid development timetables that increase the risk of errors in our products and the risk of launch delays. Our tax preparation software product development cycle is particularly challenging due to the need to incorporate unpredictable and potentially late tax law and tax form changes each year and because our customers expect high levels of accuracy and a timely launch of these products to prepare and file their taxes by the tax filing deadline. Due to the complexity of our products and the condensed development cycles under which we operate, our products may contain errors that could unexpectedly interfere with the operation of the software or result in incorrect calculations. The complexity of the tax laws on which our products are based may also make it difficult for us to consistently deliver offerings that contain the features, functionality and level of accuracy that our customers expect. When we encounter problems **,** we may be required to modify our code, work with state tax administrators to communicate with affected customers, assist customers with amendments, distribute patches to customers who have already purchased the product and recall or repackage existing product inventory in our distribution channels. If we encounter development challenges or discover errors in our products either late in our development cycle or after release **,** it may cause us to delay our product launch date or suspend product availability until such issues can be fixed. Any major defects, launch delays or product suspensions may lead to loss of customers and revenue, negative publicity, customer and employee dissatisfaction, reduced retailer shelf space and promotions, and increased operating expenses, such as inventory replacement costs, legal fees or other payments, including those resulting from our accuracy guarantee in our tax preparation products. For example, an error in our tax products could cause a compliance error for taxpayers, including the over or underpayment of their federal or state tax liability. While our accuracy guarantee commits us to reimburse penalties and interest paid by customers due solely to calculation errors in our tax preparation products, such errors may result in additional burdens on third parties that we may need to address or that may cause us to suspend the availability of our products until such errors are addressed. This could also affect our reputation, the willingness of customers to use our products, and our financial results. Further, as we develop our platform to connect people to experts, such as connecting TurboTax customers with tax experts through our TurboTax Live offering, or connecting QuickBooks customers with bookkeepers through our QuickBooks Live offering, we face the risk that these experts may provide advice that is erroneous, ineffective or otherwise unsuitable. Any such deficiency in the advice given by these experts may cause harm to our customers, a loss of customer confidence in our offerings or harm to our reputation or financial results. Moreover, as we continue to incorporate emerging technologies, like AI and blockchain, into our offerings, they may not function as designed or have **Intuit Fiscal 2023 Form 10- K23** unintended consequences, any of which could subject us to **new or enhanced** competitive harm, legal liability **, regulatory scrutiny** or reputational harm. ~~Intuit Fiscal 2022 Form 10- K23~~ Our international operations are subject to increased risks which may harm our business, operating results, and financial condition. In addition to uncertainty about our ability to generate revenues from our foreign operations and expand into international markets, there are risks inherent in doing business internationally, including: • different or more restrictive privacy, data protection, data localization, and other laws that could require us to make changes to our products, services and operations, such as mandating that certain types of data collected in a particular country be stored and / or processed within that country; • difficulties in developing, staffing, and simultaneously managing a large number of varying foreign operations as a result of distance, language, and cultural differences; • stringent local labor laws and regulations; • credit risk and higher levels of payment fraud; • profit repatriation restrictions, and foreign currency exchange restrictions; • geopolitical events, including natural disasters or severe weather events (including those caused or exacerbated by climate change), acts of war and terrorism (including the Russia- Ukraine war and any related political or economic responses), and public health emergencies, including divergent governmental responses thereto across the jurisdictions in which we operate; • compliance with sanctions and import or export regulations, including those arising from the Russia- Ukraine war; • compliance with the U. S. Foreign Corrupt Practices Act, the U. K. Bribery Act, and laws and regulations of other jurisdictions prohibiting corrupt payments to government officials and other third parties; • antitrust and competition regulations; • potentially adverse tax developments; • economic uncertainties relating to European sovereign and other debt; • trade barriers and changes in trade regulations; • political or social unrest, economic instability, repression, or human rights issues; and • risks related to other government regulation or required compliance with local laws. Violations of the rapidly evolving and complex foreign and U. S. laws and regulations that apply to our international operations may result in fines, criminal actions or sanctions against us, our officers or our broader workforce, prohibitions on the conduct of our business and damage to our reputation. Although we have implemented policies and procedures designed to promote compliance with these laws, we cannot be sure that our workforce, contractors and agents are in compliance with our policies. These risks inherent in our international operations and expansion increase our costs of doing business internationally and may result in harm to our business, operating results, and financial condition. Climate change may have an impact on our business. While we seek to mitigate our business risks associated with climate change by establishing robust environmental programs and partnering with organizations that are also focused on mitigating their own climate- related risks, we recognize that there are inherent climate- related risks wherever business is conducted. Any of our primary workplace locations may be vulnerable to the adverse effects of climate change. For example, our offices globally have historically experienced, and are projected to continue to experience, climate- related events at an increasing frequency, including drought, water scarcity, heat waves, cold waves, wildfires and resultant air quality impacts and power shutoffs associated with wildfire prevention. Furthermore, it is more difficult to mitigate the impact of these events on our employees to the extent they work from home. Changing market dynamics, global policy developments and the increasing frequency and impact of extreme weather events on critical infrastructure in the U. S. and elsewhere have the potential to disrupt our business, the business of our third- party suppliers and the business of our customers, and may cause us to experience higher attrition, losses and additional costs to maintain or resume operations. **We also expect to face increasing regulatory requirements and regulatory scrutiny related to climate matters, resulting in higher associated compliance costs.** Additionally, failure to uphold, meet or make timely forward progress against our public commitments and goals related to climate action could adversely affect our reputation with suppliers and customers, financial performance or ability to recruit and retain talent. **Intuit Fiscal 2023 Form 10- K24** LEGAL AND COMPLIANCE RISKS Increasing and changing government regulation of our businesses may harm our operating results. We are subject to federal, state, local and international laws and regulations that affect our and our customers' activities, including, without limitation, labor, advertising and marketing, tax, financial services, data privacy and security, electronic funds transfer, money transmission, lending, digital content, consumer protection, real estate, billing, e- commerce, promotions, quality of services, intellectual property ownership and infringement, import and export requirements, anti- bribery and anti- ~~Intuit Fiscal 2022 Form 10- K24~~ corruption, insurance, foreign exchange controls and cash repatriation restrictions, anti- competition, environmental, health and safety, and other regulated activities. There have been significant new regulations and heightened focus by the government on many of these areas. As we expand our products and services and evolve our business models, both domestically and internationally, we may become subject to additional government regulation or increased regulatory scrutiny. For example, the regulation of emerging technologies that we may incorporate into our offerings, such as artificial intelligence and blockchain, is still an evolving area, and it is possible that we could become subject to new regulations that negatively impact our operations and results. Further, regulators (both in the U. S. and in other jurisdictions in which we operate) may adopt new laws or regulations, change existing regulations, or their interpretation of existing laws or regulations may differ from ours. We ~~are~~ **have in the past** and may ~~continue to~~ **in the future** be subject to **regulations in response to global** ~~pandemic~~ **pandemics** ~~- related protocols~~ and ~~restrictions~~ **endemics** that **may** impact our **business, our** workforce **,** and workplaces. Such restrictions have disrupted and may continue to disrupt our business operations and limit our ability to perform critical functions. The tax preparation industry continues to receive heightened attention from federal and state governments. New legislation, regulation, public policy considerations, changes in the cybersecurity environment, litigation by the government or private entities, changes to or new interpretations of existing laws may result in greater oversight of the tax preparation industry, restrict the types of products and services that we can offer or the prices we can charge, or otherwise cause us to change the way we operate our tax businesses or offer our tax products and services. We may not be able to respond quickly to such regulatory, legislative and other developments, and these changes may in turn increase our cost of doing business and limit our revenue opportunities. In addition, if our practices are not consistent with new interpretations of existing laws, we may become subject to lawsuits, penalties, and other liabilities that did not previously apply. We are also required to comply with a variety of state revenue agency standards in order to successfully operate our tax preparation and electronic filing services. Changes in state- imposed requirements by one or more of the states, including the required use of specific technologies or technology standards, may significantly increase the costs of providing those services to our customers and may prevent us from delivering a quality product to our customers in a timely manner. Complex and evolving ~~regulation of~~ privacy and data protection **regulations or changing customer expectations** could result in claims, changes to our business practices, penalties or increased cost of operations or otherwise harm our business. Regulations related to the provision of online services are continually evolving as federal, state and foreign governments adopt new or modify existing laws and regulations addressing data privacy, cybersecurity, the collection, processing, storage, transfer and use of data, and the use of AI. ~~These include~~ **Many jurisdictions in which we operate globally have enacted** , ~~for~~ - **or are in the process of enacting, data privacy legislation or regulations aimed at creating and enhancing individual privacy rights. For** example, the ~~EU' s~~ General Data Protection Regulation (GDPR) ~~,~~ **regulates** the ~~California Consumer~~ **collection, use, and retention of personal information by our offerings in the EU. In addition, a growing number of U. S. states have enacted or introduced data privacy laws and regulations. Several countries have established specific legal requirements for cross- border data transfers and governmental authorities and privacy advocates around the world continue to propose new regulatory actions concerning data** ~~Protection~~ **protection . For example** ~~Act (CCPA)~~ , ~~the California Privacy Rights Act~~ **some jurisdictions are considering regulatory frameworks for AI, and generative AI,** that **implicate** ~~will amend the CCPA in January 2023 and the Virginia Consumer Data~~ **data** ~~Protection~~ **protection laws** ~~Act that will become effective in January 2023~~ . These laws and regulations may be inconsistent across jurisdictions and are subject to evolving and differing (sometimes conflicting) interpretations. In our efforts to meet the various data privacy regulations that apply to us, we have made and continue to make certain operational changes to our products ~~and~~ **,** business practices **, and use of certain third party tools and vendors** . **Additionally,** ~~If we are unable to engineer products that meet these evolving requirements or help our customers~~ - **customer** ~~meet their obligations under these~~ **sensitivity to privacy continues to increase and** ~~or~~ **our privacy statements and practices may create additional customer expectations about** ~~other~~ - **the collection** ~~new data regulations~~ , **use** ~~we might experience reduced demand for our offerings. Further~~ , **and sharing of personal information** ~~penalties for non- compliance with these laws may be significant~~ . In addition, the evolution of global privacy treaties and frameworks has created compliance uncertainty and increased complexity. For example, the judicial invalidation of the EU- U. S. and Swiss- U. S. Privacy Shield frameworks that we relied on to transfer data has created additional compliance challenges for the transfer of EU personal data to the U. S. While **a new EU- U. S. Privacy Shield framework has been proposed, its ultimate adoption and precise requirements are uncertain. While** we rely on alternative **approved** methods for the transfer of this data, ongoing legal challenges to these and other transfer mechanisms could cause us to incur costs or change our business practices in a manner adverse to our business. **Each of** ~~Other governmental authorities throughout the~~ **these privacy, security** ~~U. S.~~ and ~~around the world are considering similar types of legislative and regulatory proposals concerning~~ data protection **requirements** ~~. Each of these privacy, security and data protection laws and regulations~~ could impose significant limitations **on us** , require changes to our business, require notification to customers or workers of a security ~~breach~~ **incident** , restrict our use or storage of personal information **, limit our use of third- party tools and vendors** , or cause changes in customer purchasing behavior that may make our business more costly, less efficient or impossible to conduct, and may require us to modify our current or future products or services, which may make customers less likely to purchase our products and may harm our future financial results. Additionally, any actual or alleged noncompliance with these laws and regulations **, or failure to meet customer expectations** could result in negative publicity **or harm to our reputation** and subject us to investigations, claims or other remedies, including demands that we modify or cease existing business practices, and expose us to significant fines, penalties and other damages. **Intuit Fiscal 2023 Form 10- K25** We have incurred, and may continue to incur, significant expenses to comply with existing privacy and security standards and protocols imposed by law, regulation, industry standards or contractual obligations. We are frequently a party to litigation and regulatory inquiries which could result in an unfavorable outcome and have an adverse effect on our business, financial condition, results of operation and cash flows. We are subject to various legal proceedings (including class action lawsuits), claims and regulatory inquiries that have arisen out of the ordinary conduct of our business and are not yet resolved and additional proceedings, claims and inquiries may arise in the future. The number and significance of these proceedings, claims and inquiries may increase as our businesses evolve. Any proceedings, claims or inquiries initiated by or against us, whether successful or not, may be time consuming; result in costly litigation, damage awards, consent decrees, injunctive relief or increased costs of business; require us to change our business practices or products; require significant amounts of management time; result in diversion of significant operations ~~Intuit Fiscal 2022 Form 10- K25~~ resources; or otherwise harm our business and future financial results. For further information about specific litigation, see Item 3, " Legal Proceedings. " Third parties claiming that we infringe their proprietary rights may cause us to incur significant legal expenses and prevent us from selling our products. We may become increasingly subject to infringement claims, including patent, copyright, trade secret, and trademark infringement claims. Litigation may be necessary to determine the validity and scope of the intellectual property rights of others. We have received a number of allegations of intellectual property infringement claims in the past and expect to receive more claims in the future based on allegations that our offerings infringe upon the intellectual property held by third parties. Some of these claims are the subject of pending litigation against us and against some of our customers. These claims may involve patent holding companies or other adverse intellectual property owners who have no relevant product revenues of their own, and against whom our own intellectual property may provide little or no deterrence. The ultimate outcome of any allegation is uncertain and, regardless of outcome, any such claim, with or without merit, may be time consuming to defend, result in costly litigation, divert management' s time and attention from our business, require us to stop selling, delay shipping or redesign **of** our products, or require us to pay monetary damages for royalty or licensing fees, or to satisfy indemnification obligations that we have with some of our customers. Our failure to obtain necessary license or other rights, or litigation arising out of intellectual property claims may harm our business. We are subject to risks associated with information disseminated through our services. The laws relating to the liability of online services companies for information such as online content disseminated through their services are subject to frequent challenges **, and there has been an increasing demand for repealing or limiting the protections afforded by these laws through either judicial decision or legislation** . In spite of settled law in the U. S., claims are made against online services companies by parties who disagree with the content. Where our online content is accessed on the internet outside of the U. S., challenges may be brought under foreign laws which do not provide the same protections for online services companies as in the U. S. These challenges in either U. S. or foreign jurisdictions may **require altering or limiting some of our services or may require additional contractual terms to avoid liabilities for our customers' misconduct and may further** give rise to legal claims alleging defamation, libel, invasion of privacy, negligence, copyright or trademark infringement, or other theories based on the nature and content of the materials disseminated through the services. Certain of our services include content generated by users of our online services. Although this content is not generated by us, claims of defamation or other injury may be made against us for that content. Any costs incurred as a result of this potential liability may harm our business. FINANCIAL RISKS ~~Our~~ **The results of operations of our** tax business **may** ~~is highly seasonal and our quarterly results~~ fluctuate ~~significantly~~ **from period to period due to the seasonality of the business and other factors beyond our control** . Our tax offerings have significant seasonal patterns. Revenue from income tax preparation products and services has historically been heavily concentrated from November through April, as the tax filing deadline for the IRS and many states is traditionally in April. This seasonality has caused significant fluctuations in our quarterly financial results. In addition, **unanticipated** ~~the effects of these fluctuations have been and may in the future be further exacerbated by~~ changes to **federal** ~~the traditional opening~~ and ~~closing dates of the tax season. For example, the IRS and many states~~ - **state** ~~extended their~~ tax filing deadlines **may further exacerbate** ~~to May 17, 2021 for~~ the **impact of** ~~2020 tax year and to July 15, 2020 for~~ the **seasonality** ~~2019 tax year due to conditions created by the pandemic~~ . Our financial results may also fluctuate from quarter to quarter and year to year due to a variety of other factors, including factors that may affect the timing of revenue recognition. These include the timing of the availability of federal and state tax forms from taxing agencies and the ability of those agencies to receive electronic tax return submissions; changes to our offerings that result in the inclusion or exclusion of ongoing services; changes in product pricing strategies or product sales mix; changes in customer behavior; and the timing of our discontinuation of support for older product offerings. Other factors **, including unanticipated changes to the tax code or the administration of government programs and payments by tax authorities, may cause variations from year to year in the number of tax filers. Any of the foregoing could negatively impact the number of tax returns we prepare and file and the operating results of our tax business. Other factors** that may affect our quarterly or annual financial results include the timing of acquisitions, divestitures, and goodwill and acquired intangible asset impairment charges. Any fluctuations in our operating results may adversely affect our stock price. **Intuit Fiscal 2023 Form 10- K26** If actual customer refunds for our offerings exceed the amount we have reserved **,** our future financial results may be harmed. Like many software companies **,** we refund customers for product returns and subscription **and service** cancellations. We establish reserves against revenue in our financial statements based on estimated customer refunds. We closely monitor this refund activity in an effort to maintain adequate reserves. In the past, customer refunds have not differed significantly from these reserves. However, if we experience actual customer refunds or an increase in risks of collecting customer payments that significantly exceed the amount we have reserved, it may result in lower net revenue. Unanticipated changes in our income tax rates or other indirect tax may affect our future financial results. Our future effective income tax rates may be favorably or unfavorably affected by unanticipated changes in the valuation of our deferred tax assets and liabilities, by changes in our stock price, or by changes in tax laws or their interpretation. In August 2022, the Inflation Reduction Act of 2022 was signed into law. This law, among other things, provides for a corporate alternative minimum tax on adjusted financial statement income (effective for us beginning in fiscal 2024), and an excise tax on corporate stock repurchases (effective for our share repurchases after ~~December 31~~ **January 1** , ~~2022~~ **2023**), and we are continuing to evaluate ~~Intuit Fiscal 2022 Form 10- K26~~ the impact it may have on our financial position and results of operations. There are several proposed changes to U. S. and non- U. S. tax legislation and the ultimate enactment of any of them could have a negative impact on our effective tax rate. Foreign governments may enact tax laws **, including in response to guidelines issued by international organizations such as the Organization for Economic Cooperation and Development,** that could result in further changes to global taxation and materially affect our financial position and results of operations. In addition, we are subject to the continuous examination of our income tax returns by the Internal Revenue Service and other tax authorities. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes. These continuous examinations may result in unforeseen tax- related liabilities, which may harm our future financial results. An increasing number of states and foreign jurisdictions have adopted laws or administrative practices, that impose new taxes on all or a portion of gross revenue or other similar amounts or impose additional obligations to collect transaction taxes such as sales, consumption, value added, or similar taxes. We may not have sufficient lead time to build systems and processes to collect these taxes properly, or at all. Failure to comply with such laws or administrative practices, or a successful assertion by such states or foreign jurisdictions requiring us to collect taxes where we do not, could result in material tax liabilities, including for past sales, as well as penalties and interest. Adverse global economic conditions could harm our business and financial condition. Adverse macroeconomic ~~developments~~ **conditions** , ~~including without limitation~~ **and perceptions or expectations about current or future conditions, such as volatility or distress in the financial markets, recession or** ~~inflation~~ **inflationary pressures** , slowing growth, rising interest rates ~~or recession~~ , **rising unemployment, rising consumer debt levels, reduced consumer confidence or economic activity, government fiscal and tax policies, U. S. and international trade relationships, government shutdowns and austerity programs** could negatively affect our business and financial condition. These ~~developments~~ **macroeconomic conditions** or ~~other~~ global events, **such as political instability and** ~~including those related to the Russia- Ukraine~~ war, have caused, and could, in the future, cause disruptions and volatility in global financial markets ~~and~~ **,** increased rates of default and bankruptcy, **decreases in** ~~and could impact~~ consumer and small business spending and ~~have~~ other unforeseen consequences. **It is difficult to predict the impact of such events on our partners, customers, members, or economic markets more broadly, which have been and will continue to be highly dependent upon the actions of governments and businesses in response to macroeconomic events, and the effectiveness of those actions.** For example, in response to increasing inflation, the U. S. Federal Reserve ~~began to~~ **has repeatedly** ~~raise~~ **raised** interest rates **since** ~~in March~~ 2022 ~~for the first time in over three years,~~ and signaled it expects additional rate increases **in** ~~. It is difficult to predict~~ the ~~impact of~~ **future. Additionally, adverse developments that affect financial institutions,** such **as bank failures, or concerns or speculation about similar** events ~~on our~~ - **or risks, could lead to liquidity challenges and further instability in the financial markets, which may in turn cause third** ~~partners~~ - **parties** , **including** customers, ~~members, or economic markets more broadly, which have been and will continue~~ to ~~be highly dependent upon~~ **become unable to meet** ~~the~~ **their** ~~actions~~ **obligations under various types** of **financial arrangements** ~~governments and businesses in response to macroeconomic events, and the effectiveness of those actions~~ . **Moreover** ~~In particular~~ , because the majority of our revenue is derived from sales within the U. S., economic conditions in the U. S. have an even greater impact on us than companies with a more diverse international presence. ~~Challenging economic~~ **Macroeconomic** ~~times~~ **conditions, and perceptions or expectations about current or future conditions,** could cause potential new customers not to purchase or to delay purchasing our products and services, and could cause our existing customers to discontinue purchasing or delay upgrades of our existing products and services. In addition, financial institution partners **have** ~~may again decrease~~ **decreased** or ~~suspend~~ **suspended** their activity on Credit Karma' s platform **and may continue to do so** , **and** increased interest rates may make offers from Credit Karma' s financial institution partners less attractive to Credit Karma ~~'~~ **'** s members ~~,~~ **.** ~~members~~ **Members** may decrease their engagement on the platform or their creditworthiness could be negatively impacted, reducing members' ability to qualify for credit cards and loans ~~. Any of the foregoing may negatively impact our revenues and future financial results~~ . Decreased consumer spending levels could also reduce **payment** ~~credit and debit card transaction~~ processing volumes causing reductions in our payments revenue. ~~Poor economic conditions and high~~ **High** unemployment **and changes in the tax code and the government programs that are administered by tax authorities** have caused, and could in the future cause, a significant decrease in the number of tax returns filed, which may have a significant effect on the number of tax returns we prepare and file. In addition, weakness in the end-user consumer and small business markets could negatively affect the cash flow of our distributors and resellers who could, in turn, delay paying their obligations to us, which could increase our credit risk exposure and cause delays in our recognition of revenue or future sales to these customers. Adverse economic conditions ~~, including inflation,~~ may also increase the costs of operating our business, including vendor, supplier and workforce expenses. **Additionally, any inability to access the capital markets when needed due to volatility or illiquidity in the markets or increased regulatory liquidity and capital requirements may strain our liquidity positions. Such conditions may also expose us to fluctuations in foreign currency exchange rates or interest rates that could materially and adversely affect our financial results.** Any of ~~these~~ -- **the** ~~events~~ **foregoing** could harm our business and **negatively impact** our future financial results. **Intuit Fiscal 2023 Form 10- K27** We provide capital to small businesses, which exposes us to certain risk, and may cause us material financial or reputational harm. We provide capital to qualified small businesses, which exposes us to the risk of our borrowers' inability to repay such loans. We have also entered into credit arrangements with financial institutions to obtain the capital we provide under this offering. Any termination or interruption in the financial institutions' ability to lend to us could interrupt our ability to provide capital to qualified small businesses. Further, our credit decisioning, pricing, loss forecasting, scoring and other models used to evaluate loan applications may contain errors or may not adequately assess creditworthiness of our borrowers, or may be otherwise ineffective, resulting in incorrect approvals or denials of loans. It is also possible that loan applicants could provide false or incorrect information. Moreover, adverse macroeconomic conditions may have a significant impact on small businesses and may increase the likelihood that our borrowers are unable to repay their loans. If any of the foregoing events were to occur, our reputation, relationships with borrowers, collections of loans receivable and financial results could be harmed. Amortization of acquired intangible assets and impairment charges may cause significant fluctuation in our net income. Our acquisitions have resulted in significant expenses, including amortization and impairment of acquired technology and other acquired intangible assets, and impairment of goodwill. Total costs and expenses in these categories were $ **646 million in fiscal 2023; $** 556 million in fiscal 2022; **and** $ 196 million in fiscal 2021 ~~; and $ 28 million in fiscal 2020~~ . Although under current accounting rules goodwill is not amortized, we may incur impairment charges related to the goodwill already recorded and to goodwill arising out of future acquisitions. We test the impairment of goodwill annually in our fourth fiscal quarter or more frequently if indicators of impairment arise. The timing of the formal annual test may result in charges to our statement of operations in our fourth fiscal quarter that may not have been reasonably foreseen in prior periods. At July 31, ~~2022~~ **2023** , we had $ 13. ~~7~~ **8** billion in goodwill and ~~Intuit Fiscal 2022 Form 10- K27~~ $ ~~7~~ **6** . ~~1~~ **4** billion in net acquired intangible assets on our consolidated balance sheet, both of which may be subject to impairment charges in the future. New acquisitions, and any impairment of the value of acquired intangible assets, may have a significant negative impact on our future financial results. We have incurred indebtedness and may incur other debt in the future, which may adversely affect our financial condition and future financial results. As of July 31, ~~2022~~ **2023** , we had an aggregate of $ 6. ~~9~~ **1** billion of indebtedness outstanding under our ~~credit facilities and our~~ senior unsecured notes **, senior unsecured credit facility, and secured credit facilities** . Under the agreements governing our indebtedness, we are permitted to incur additional debt. This debt, and any debt that we may incur in the future, may adversely affect our financial condition and future financial results by, among other things: • increasing our vulnerability to downturns in our business, to competitive pressures and to adverse economic and industry conditions; • requiring the dedication of a portion of our expected cash from operations to service our indebtedness, thereby reducing the amount of expected cash flow available for other purposes, including capital expenditures, share repurchases and acquisitions; and • limiting our flexibility in planning for, or reacting to, changes in our businesses and our industries. If we are unable to generate sufficient cash flow from operations in the future to service our debt, we may be required, among other things, to seek additional financing in the debt or equity markets, refinance or restructure all or a portion of our indebtedness, sell selected assets or reduce or delay planned capital, operating or investment expenditures. Such measures may not be sufficient to enable us to service our debt. Additionally, the agreements governing our indebtedness impose restrictions on us and require us to comply with certain covenants. For example, our credit facilities restrict the ability of our subsidiaries to incur indebtedness and require us to maintain compliance with specified financial ratios. Our ability to comply with these ratios may be affected by events beyond our control. In addition, our credit facilities and the indenture governing our senior unsecured notes limit our ability to create liens **on** our and subsidiaries' assets and engage in sale and leaseback transactions. If we breach any of these covenants and do not obtain a waiver from the lenders or the noteholders, as applicable, then, subject to applicable cure periods, any or all of our outstanding indebtedness may be declared immediately due and payable. There can be no assurance that any refinancing or additional financing would be available on terms that are favorable or acceptable to us, if at all. Under the terms of our outstanding senior unsecured notes, we may be required to repurchase the notes for cash prior to their maturity in connection with the occurrence of certain changes of control that are accompanied by certain downgrades in the credit ratings of the notes. The repayment obligations under the notes may have the effect of discouraging, delaying or preventing a takeover of our company. If we were required to pay the notes prior to their scheduled maturity, it could have a negative impact on our cash position and liquidity and impair our ability to invest financial resources in other strategic initiatives. In addition, changes by any rating agency to our credit rating may negatively impact the value and liquidity of both our debt and equity securities. If our credit ratings are downgraded or other negative action is taken, the interest rate payable by us under our unsecured revolving credit facility may increase. In addition, adverse economic conditions or any downgrades in our credit ratings may affect our ability to obtain additional financing in the future and may negatively impact the terms of any such financing. **Intuit Fiscal 2023 Form 10- K28** We cannot guarantee that our share repurchase program will be fully consummated or that it will enhance long- term stockholder value. We have a stock repurchase program under which we are authorized to repurchase our common stock. The repurchase program does not have an expiration date and we are not obligated to repurchase a specified number or dollar value of shares. Our repurchase program may be suspended or terminated at any time. Even if our stock repurchase program is fully implemented, it may not enhance long- term stockholder value. Also, the amount, timing, and execution of our stock repurchase programs may fluctuate based on our priorities for the use of cash for other purposes and because of changes in cash flows, tax laws, and the market price of our common stock. Our stock price may be volatile and your investment could lose value. Our stock price is subject to changes in recommendations or earnings estimates by financial analysts, changes in investors' or analysts' valuation measures for our stock, our credit ratings and market trends unrelated to our performance. Furthermore, speculation in the press or investment community about our strategic position, financial condition, results of operations, business, security of our products, or legal proceedings can cause changes in our stock price. These factors, as well as general economic and political conditions, including the effects of a general slowdown in the global economy, **inflationary pressures,** ~~the COVID- 19 pandemic~~ **pandemics and endemics** , the Russia- Ukraine war ~~and inflationary pressures~~ , and the timing of announcements in the public market regarding new products, product enhancements or technological advances by our competitors or us, and any announcements by us of acquisitions, major transactions, or management changes may adversely affect our stock price. Moreover, **inflationary pressures,** ~~the COVID- 19 pandemic~~ **pandemics and endemics** , **and** the Russia- Ukraine war ~~and inflationary pressures~~ have caused significant volatility in the global financial markets, ~~Intuit Fiscal 2022 Form 10- K28~~ which has resulted in significant volatility in our stock price recently. Further, any changes in the amounts or frequency of share repurchases or dividends may also adversely affect our stock price. A significant drop in our stock price could expose us to the risk of securities class ~~actions~~ - **action** lawsuits, which may result in substantial costs and divert management' s attention and resources, which may adversely affect our business.