Terrible TikTok tax advice isn't helping Gen Zers get their finances in order

Article

The trend: To make sense of our confusing, jargon-laden tax code, many US consumers turn to the internet for help. But with the rising popularity of YouTube, TikTok, and Instagram, **financial advisors and tax experts are encountering more clients who've received incorrect or irrelevant tax advice from social media influencers.**

Why it's happening: Young adults who are new to the working world and managing their own finances are at particular risk. Because Gen Zers are both likely to work in the gig economy and prone to using TikTok as a search engine, they're more susceptible than older cohorts to being exposed to—and potentially believing—exaggerated or really bad advice.

- While Google offers results populated with long-form, highly nuanced technical advice from the IRS itself or tax experts, that's not where Gen Z looks first. Many young 1099 workers instead turn to #TaxTok.
- **But short-format videos don't offer a lot of room for clarifications or qualifications.** That means many influencers end up giving inadvertently misleading advice—leaving the self-employed to write off expenses that they shouldn't, expect unrealistic refunds, and make unwise purchases.

Someone is wrong on the internet: Per a survey run by the tax-filing app, **Keeper,** some recurrent tax-related myths floating around on social media include:

- **Write-offs get you a dollar-for-dollar refund.** It's not easy to explain in a three-minute video that write-offs lower your taxable income rather than reimbursing the full price.
- **People who rely on their appearance for work can write off appearance-related expenses.** That's not the case, because haircuts, makeup, and cosmetic surgery boost your personal life as well as your business. Rule of thumb: If it's suitable for everyday use, it's not a writeoff.
- **Lifestyle influencers can write off clothing hauls or home decor.** Just because personal items are on display to an audience, doesn't mean you can write them off. (See rule of thumb above.)
- **You need an LLC to claim write-offs.** The IRS doesn't care about the legal structure of your business—but you do need to be running a business rather than pursuing a hobby that sometimes brings in a little cash. The IRS lists factors that help with figuring out the difference between the two.
- **Section 179 lets you write off a big vehicle in its first year of use.** Yes, it does—but only if it weighs between 6,000 and 14,000 pounds, and you use it at least half the time for business. And you can only deduct the business-use percentage of your purchase. Of course, you have to spend money on the vehicle to deduct it, and the cost is far higher than the deduction

As Axios puts it, TikTok may be less worrisome for propaganda pushed by the Chinese government than for the misleading and harmful content that US citizens post in exchange for likes and shares—whether it's an air fryer Velveeta recipe or tax counseling.

Our take: Though banks don't usually offer tax preparation or filing services, taxes are an important and recurring financial task for their customers. To fulfill their aspiration of being viewed as trusted financial advisors, particularly by Gen Z, banks should:

- Warn customers against unquestioningly following tax advice from influencers. Or take it a step further and fight fire with fire by producing their own short-form videos around tax time. Even generic tax preparation tips can help.
- Offer digital access to tax statements through banking apps and automated digital tools that help with expense classification—with an eye toward year-end filings.
- Partner with a tax preparation firm that provides a full-service experience to deepen the customer relationship through trusted on-point referrals.