



Keeping track of tax deductions | Photo source Pixabay

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## TAX-DEDUCTION APP FOCUSES ON FREELANCERS AND LOW-INCOME WORKERS

 FINANCIAL SERVICES

### Alice helps people automatically track and claim all of the pre-tax deductions they are owed

**Spotted:** Tax laws in the United States allow employees to deduct expenses such as childcare and prescription or commuting costs. However, many people do not claim this “pre-tax spending”, because it can be complex to keep track of, involving the navigation of Flexible Spending Accounts, Health Savings Accounts and other employee savings plans. Now, a New York-based startup, Alice, is helping to simplify the process.

The Alice app syncs to both the employers’ payroll system and to the employees’ bank cards. It analyses the employee’s spending and sends a text message whenever it spots an allowable expense. It then automatically adjusts the employer’s payroll accounting, to claim the expense. According to Alice, workers using the service save an average of €529 each year.

Alice is particularly useful for lower-income and hourly employees, who typically take fewer of the pre-tax deductions that they are entitled to. The app effectively acts as an automated benefits administrator and connects to a wide variety of payroll systems, including ADP, Paychex, Gusto and Justworks.

The app’s co-founders, Avi Karnani and Paul Barnes-Hoggett, originally focused on helping low-income New York commuters afford monthly travel cards, which require money up-front but are cheaper in the long run.

“We realised commuter benefits were this sort of dumpster fire of forms and math and terms that no one was using,” Karnani told [Business Insider](#). From there, the pair built an automated system for commuter benefits and broadened this to include pre-tax spending in general.

At Springwise, we have covered Fintech innovations as diverse as a system that automates financial services for [freelancers](#), a [rewards program](#) for sustainable shoppers, and even a bank card that [miaows](#) when you use it.

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Website: [thisisalice.com](http://thisisalice.com)

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### **Takeaway:**

Alice is an example of a business model that seeks to make it easier for employers to help their employees. It also saves the employer money – employers do not pay taxes on items claimed as pre-tax by employees. Alice makes money by splitting the savings with the employer 50/50, and so helps low-income employees without costing the employer anything. With the current backlash against many forms of tech, a business that demonstrates how tech can be used for good, may well have an eager market.