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# What Donald Trump's Tax Returns Won't Tell Us, But Hillary Clinton's Do

Voters would like to poke through Donald Trump's tax returns, but they can't. After some earlier waffling and mixed signals, Trump's camp now seems firm that his big tax audit prevents him from releasing his returns. Outside of a Presidential campaign, his audit defense is a pretty good one, whatever the IRS or the public might say. A [letter](#) from Trump's tax lawyers confirmed there was an ongoing tax audit for 2009 and later. Anyone who has ever been through a tax audit might have some sympathy.

Still, many voters aren't likely to give him a free pass. As a candidate for President, the conventional answer is that [Trump should release them](#), even though there is no legal requirement. Trump says he has "[very big](#)" [tax returns](#). He has also said that his financials "show I'm worth more than \$10 billion by any stretch of the imagination." But maybe they don't, and tax returns probably wouldn't show his net worth in any event. We don't even know Trump's income, but we do know Bill and Hillary Clinton's.



The Clintons' gross income since Bill left office was:

- 2001, \$16 million
- 2002, \$9 million
- 2003, \$8 million
- 2004, \$20 million
- 2005, \$18 million
- 2006, \$16 million
- 2007, \$21 million
- 2008, \$5 million
- 2009, \$10 million
- 2010, \$13 million
- 2011, \$15 million
- 2012, \$20 million
- 2013, \$27 million

- 2014, \$28 million
- 2015, \$11 million

We also know that, despite this big income, Bill and Hillary Clinton still have a house payment just like most Americans. The Clintons deducted \$41,000 of mortgage interest each of the last few years. They make too much money to get benefits from the deductions, but still. As Lee Sheppard recently wrote in Tax Notes, “How is it possible for the Clintons to still have a mortgage when the pair has earned \$237 million since Bill left office, mostly in speaking fees?” That’s a good question.

Tax returns are about income for one year. They do not show an individual’s net worth. They show income, and in some years even Donald Trump might have a loss. Yes, he could still rake in millions, but have a tax loss. In fact, having a tax loss can be attractive. You let non-cash losses (for example, from partnerships) offset your cash income items. You don’t want to end up with losses you can’t deduct.

Case in point, the Clintons deduct \$3,000 a year of capital losses going back to 2008. That was the year Bill disposed of his Yucaipa partnerships with controversial billionaire Ron Burkle, taking a \$726,000 capital loss. They chip away at the loss \$3,000 per year. In all, the Clintons pay a lot of taxes. In fact, between taxes to the IRS and New York State, they have averaged an effective tax rate of about 41% over 15 years. Those are probably higher effective tax rates than Trump pays.

After all, Trump echoes Warren Buffett and many other tax-savvy investors in saying that he pays as little tax as he can. And he rails about how the government wastes money. Most of Mr. Trump’s income is probably not ordinary income taxed at 39.6%. Most may be capital gain taxed at 20% (plus maybe the 3.8% Obamacare tax). If that is so, the lower rates could grate on some of his supporters.

The Clintons’ tax returns don’t show big write-offs. In fact, as Lee Sheppard commented, “The Clintons may be the first couple in history to try to justify money of questionable provenance by paying taxes on it.” In contrast, it seems reasonable to think that Trump’s tax returns might show big write-offs. Large income (say from rents, royalties, commissions), may be sheltered with big depreciation deductions. Depreciation is that assumed erosion in value that occurs every year. As a building is *appreciating* in real dollar value, Mr. Trump can write-off a piece of its value every year as if it were going *down* in value.

Since 2007, the Clintons have given \$16 million to charity, mostly to the Clinton Foundation. We don't know about Trump. It is possible that Trump's tax returns will reveal that he is not generous generally, or not generous specifically with respect to causes—like Veterans—that Mr. Trump suggests he supports. If he only releases the first two pages of his tax returns, we still wouldn't know. Charitable contribution deductions go on Schedule A.

The big source of Clinton income is those controversial speeches. There are staggering numbers of them by both Clintons, and for staggering amounts. And some of them are still being scrutinized with respect to putative pay-to-play allegations, possible State Department connections, and more. No one else but the Clintons could have survived it. Of course, it is possible that Trump's tax returns contain some dirt that might raise eyebrows as much as the Clinton speech machine. But, it is looking as if we'll never know.

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